

**Working to our Advantage
A National Workplace Strategy**

Report of the Forum on the
Workplace of the Future

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Foreword



An Taoiseach
Mr. Bertie Ahern, T.D.

At the outset of this process, when I launched the initial Consultation Paper on the Workplace of the Future, I reminded those present of the ambitious social and economic vision that we have set ourselves as a country. At the heart of this vision is a dynamic, inclusive and knowledge based economy, capable of sustaining competitiveness and maintaining social cohesion. At the time, we agreed that transforming our public and private sector workplaces in order to achieve this goal would make for a formidable agenda. However, the most successful organisations would be those who could find ways to respond creatively and innovatively to the pressure for change, and effectively turn change to their advantage.

This Report, which represents the collective efforts of Government, the social partners, state agencies, employers and employees, as well as national and international experts, identifies nine key attributes of a successful workplace of the future. Regardless of whether they are in the public or private sector, these workplaces will be: agile; customer-centred; knowledge intensive; responsive to employee needs; networked; highly productive; involved and participatory; continually learning; and proactively diverse.

As well as outlining this vision of the workplace of the future, the Report also identifies five broad areas for action. Within these areas, the Report makes 42 separate recommendations which form the basis for a National Workplace Strategy.

The work of the Forum has shown that, currently, our most adaptive employments are those where “bundles” of complementary work practices are deployed – team working, information sharing, consultation and meaningful involvement, training and learning, performance management, employee financial involvement and work/life balance arrangements. Many of these approaches can be described as participatory or “high involvement” and there is a high correlation between these practices and job satisfaction, low staff turnover rates, high productivity and the successful adoption of new technology and innovation.

The implementation of the Strategy set out in this Report aims to create a climate at national and organisational level which is supportive of change and new forms of work organisation, which in turn will promote better quality of work, higher productivity and improved work-life balance. Action by Government, the social partners, employees and enterprises will be required to achieve these goals, not least in the areas of lifelong learning and childcare. Of course, these are issues of concern to society beyond their workplace implications.

To make an accelerated in-road in both the skills and childcare areas, the working out of a new balance between individual, employer and public provision will be necessary. In these, and other areas, we should seek to gain early mover advantage from a broader mix of policies.

I would like to take this opportunity to thank the Council of the National Centre for Partnership and Performance who constituted the Forum and the staff of the Centre who supported them. And I would like to extend special thanks, in particular, to all those who made submissions, both in writing and in person and to everyone who participated in the various panels, surveys, conferences and sessions of the Forum.

The value of this Report is clear from the novel and rich data it has provided on the current status and diversity of the Irish workplace. It also provides new insights as to how we can manage change to our advantage. However, I believe the Report's real value lies in the shared enthusiasm amongst the various stakeholders for early action in terms of its implementation. In carrying this work forward, I am determined that there will be a central and co-ordinated response to the recommendations set out here.

A handwritten signature in blue ink, appearing to read 'Leo Varadkar', written in a cursive style.

Taoiseach

Introduction



Philip Kelly
Chairperson
National Centre
for Partnership
and Performance

The Forum on the Workplace of the Future was established by the National Centre for Partnership and Performance (NCP) at the request of the Government. Its purpose has been to assess how well Ireland's workplaces are equipped to meet the challenges of the twenty-first century and to chart a course for their future development. The Forum's activities have provided an unprecedented opportunity to address issues and implications of workplace change in a comprehensive, forward-looking way and to develop a guiding vision for Ireland's workplaces.



Lucy Fallon Byrne
Director
National Centre
for Partnership
and Performance

The Forum has undertaken a wide-ranging evaluation of how the world of work is evolving and the challenges facing organisations and their employees in the emerging knowledge society. Its activities have enabled extensive consultation, debate and research on workplace change. The Forum received written submissions from 43 organisations and individuals (Appendix B). In addition, through a series of specially convened meetings and six major conferences (Appendix C), the Forum has benefited from contributions by employers, employees, the social partners, public agencies, professional bodies and networks, as well as national and international experts. The Forum conducted three major national surveys on the workplace, covering employees, private sector employers and public sector employers.¹

Four expert panels, whose membership was drawn from a wide variety of sources, were convened to support the Forum's work (Appendix A). These panels dealt respectively with:

- Workplace change and innovation in the private sector
- Anticipating and managing change in public service workplaces
- How workplaces need to adapt to meet the needs of a changing workforce
- How national policy and supports can contribute to bringing about change.

¹ These surveys were carried out in mid-2003 by the ESRI and the NCP. The employee survey covered 5,198 employees across all sectors of the economy. This survey has been published as *The Changing Workplace: A Survey of Employees' Views and Experiences, Forum on the Workplace of the Future, Research Series No. 2, ESRI/NCP, 2004*. The employer surveys examine experiences of 1,498 senior managers in the commercial sector and 392 senior managers in the non-commercial public sector. These surveys have been published as *The Changing Workplace: A Survey of Employers' Views and Experiences, Forum on the Workplace of the Future, Research Series, No. 3, ESRI/NCP, 2004*.

The methodology used in both the employee and employer surveys ensured that the sampling and analysis produced a large-scale representative cross-section of employees and employers.

The panels, whose members have given generously of their time and expertise, have enabled the Forum to benefit from the experience and advice of stakeholders and experts. The panel reports have been a key input to the Forum's deliberations.

A Taskforce consisting of the NCPP Council has provided strategic direction for the Forum. Membership which includes representatives of employers, unions, the Government and a number of independent experts (Appendix A). As the first Chairperson of the NCPP, Mr Peter Cassells was instrumental in establishing the Forum and laying the foundation for its success.

The Forum's report and recommendations

The Forum has developed an ambitious vision for Ireland's workplaces and an integrated set of recommendations, which together constitute a new National Workplace Strategy. This strategy sets a challenging agenda for workplace change, which will provide the basis for competitive enterprise, high quality public services, broad access to employment opportunities and a good quality working life for all employees.

Achievement of the goals set out in the National Workplace Strategy will require a substantial and sustained commitment to workplace change and innovation on the part of employers, employees, unions, Government and all stakeholders. Indeed, the same energy that was invested in Ireland's economic transformation over the last two decades of the twentieth century will need to be applied to the transformation of our workplaces in the twenty first century.



Philip Kelly

Chairperson
National Centre for Partnership
and Performance



Lucy Fallon-Byrne

Director
National Centre for Partnership
and Performance

Working to our Advantage: Executive Summary



Executive summary

1.0 Why our workplaces need to change

Workplace change and innovation will be critical to Ireland's future as a dynamic, inclusive, knowledge-based economy and society. The choices that we, as a society, make with regard to workplace development in the coming years will have a lasting impact on individuals, families, enterprises and the ongoing success of our economy.

In the constantly evolving world of business and public services, the most successful organisations are those that anticipate and adapt so as to turn change to their advantage. What is particularly challenging now is the scale and rapid pace of the changes affecting Irish workplaces. The combined forces of competition and technology, the transition to the knowledge society, the changing needs of people and the demand to improve the delivery of public services, point to the need for radically new workplace models.

1.1 The search for innovation

Innovation in our workplaces is a critical part of the overall search for innovation at national level. Developing our innovation and technology base depends as much on improving the ability of workplaces to change and innovate as it does on research and development. However, Ireland faces particular challenges in this regard. While we have been very successful over several decades in attracting foreign owned knowledge-intensive industries, the domestic innovation base remains weak. Much of the technology that is fuelling the Irish economy is generated overseas and Ireland has in the past been described as a 'technology taker' rather than a 'technology maker'. To address this imbalance, investment in R&D and in university linkages in the areas of science and technology must be matched by innovation in the workplace.

1.2 Early mover advantage

Although some of the most dynamic and competitive countries in the world have long recognised the importance of workplace innovation as a key to meeting their competitive challenges, few have developed a co-ordinated and focused national workplace strategy. Building from its successful experience of social partnership, the Forum believes that Ireland can gain a significant international competitive advantage in this area.

1.3 Transition to a knowledge economy

The growth of knowledge-intensive work will be one of the most important influences shaping work and workplaces in the coming years. Ireland, in common with other advanced economies is rapidly becoming a knowledge society, as illustrated by the following trends:

- The growth rate of employment in knowledge-intensive services in Ireland far outstripped the EU average in the period 1997-2002
- Ireland has the largest share of trade in highly R&D intensive industries among OECD countries
- Ireland had one of the most rapid rates of change in the structure of employment in the EU, with a significant shift occurring from low-skill employment into more highly skilled work between 1995 and 2002.

Success in the coming decades will create added pressure as the skill content in virtually all work is increasing. Efforts to improve and upgrade knowledge, skills and competencies throughout the workforce, in both the private and the public sectors, must address a number of different challenges:

- An additional 300,000 employees with third level qualifications will be required in the period up to 2010
- By 2015, one in four people will be employed in knowledge-intensive professions
- Skilled and semi-skilled work in manual, clerical and service occupations will still account for half of all jobs in Ireland in 2010

- 80 per cent of the predicted workforce in 2015 is currently employed

In meeting these challenges and if Ireland is to develop as one of the leaders in the international knowledge economy, then lifelong learning will have to be improved. This is an area in which significant gains may accrue if real progress is achieved.

1.4 Ireland's workplace and a changing Ireland

Ireland's workforce is becoming more diverse and working patterns are becoming more varied. The demographics of the Irish workforce are changing rapidly and are demonstrated in the following:

- The number of young people entering the workforce is falling as lower birth rates feed through into the working age population
- The workforce is ageing. About 40 per cent of workers will be over the age of 45 by 2015
- Women now make up 42 per cent of the total, and are expected to account for 45 per cent by 2015
- Within the 25-34 age group, 43 per cent of women hold a third-level qualification compared to 36 per cent of men
- Women's patterns of employment and participation still differ significantly from those of men. Over 30 per cent of female employees work part-time, and account for over three-quarters of all part-time workers
- Non-national workers make up a small but growing proportion of the workforce.

A critical issue is the ability to increase the labour supply by encouraging people to stay longer in the workforce, by increasing the number of women working outside the home and attracting labour from outside Ireland:

- Up to 420,000 additional workers must be attracted into the Irish economy in the period up to 2010
- An additional 30,000 workers per annum from outside the State are needed to meet labour market demands for both skilled and unskilled occupations
- Female participation in Ireland currently stands at 50 per cent — 10 per cent below its target for 2010 — and is over 20 per cent below that of men
- A significant pay gap between men and women remains and women are still very much under-represented in senior management positions
- Relative to most of the EU 25 countries Irish workers retire at an older age.

The above highlights the need to develop a more targeted focus on initiatives that will encourage participation by particular groups that are still under-represented in the workforce.

In addressing these challenges the Forum on the Workplace of the Future has brought into focus the workplace characteristics that are needed for sustained competitiveness, high quality public services and social inclusion.

2.0 The workplace of the future: A vision

To shape the development of Irish workplaces, the Forum, in conjunction with its expert panels, set out a vision of the workplace of the future.

The vision has nine inter-locking characteristics summarised in the table opposite. The vision and the strategic action areas that flow from it are the result of intensive research and consultation with Government departments, trade union representatives, managers, employers' representatives and academics.

Vision of the workplace of the future		
Characteristics		Practices
All parts of the organisation and all employees are committed to the need for change and new ideas. Change is embraced willingly and all employees are constantly alert to opportunities for improvement and innovation.	Agile	Constant innovation in areas such as customer focus, learning, work organisation and management. Communication and dialogue with employees and investment in training to enable employees to absorb workplace change.
All decisions are informed primarily by a customer, client or citizen viewpoint, and all employees understand the impact of their work on the end-user of their organisation's product or service.	Customer centred	Positive approaches in areas such as fairness, equality, training, family-friendly practices and information and consultation have a significant impact on employee satisfaction and on employees' commitment to customer satisfaction.
The organisation and its people recognise that the knowledge content of all jobs is important to the organisation's performance and that the knowledge required for all jobs will change and adapt regardless of the nature of the work.	Knowledge intensive	Increasing scope for employee involvement, autonomy and input into decision-making. Internal relationships, formal and informal processes, and knowledge management systems which encourage employees to innovate and to share knowledge.
The organisation is alert to the needs and concerns of employees, and understands the importance of quality of working life for employees as individuals as well as for the overall well-being of the organisation.	Responsive to employee needs	Support for learning, access to opportunity and autonomy, work/life balance, health and safety and good quality employment opportunities.
The organisation and its people appreciate the need for external collaboration with business partners and suppliers, customers and research and educational institutions. The organisation is constantly alert to the possibilities associated with collaboration, networking and clustering of activities.	Networked	Cross-functional ways of working which establish opportunities for both formal and informal networking. Examples include shared service activities and public sector inter-agency working.
The organisation is structured around a high-performance ethos. High performance is actively encouraged and rewarded at all levels. There is a constant focus on opportunities for improvement and a bias towards implementation.	Highly productive	'Bundles' of practices which reinforce one another and which are customised to the particular requirements of the organisation. Practices include team-working, collaborative problem-solving, communication and sharing information, training and development, appraisal and feedback, and rewarding employees' contributions.
The organisation values and actively seeks involvement and participation by all employees. The culture, management systems and work processes are all designed to enable employees to become deeply involved in the search for sources of higher performance and innovation.	Involved and participatory	Culture of openness and employee involvement which encourages experimentation and innovation and builds employee satisfaction. New approaches to leadership and management and new management competencies to support forms of employee involvement and to build workplace partnerships, informal or formal.
Learning and experimentation are encouraged and there is an ongoing focus on training, skills and learning to increase the skill content in all work.	Continually learning	Informal and formal systematic processes of skills upgrading and continual learning centred on training plans, needs assessment, employee support and funding mechanisms.
The organisation understands the value of diversity in terms of business benefits and employee well-being. Diversity is approached as an integral part of the organisation's culture and management.	Proactively diverse	Equality and diversity linked to both the quality of employees' working life, and organisational performance in areas such as productivity, reduction in employee turnover, attracting and retaining high quality staff and organisational reputation.

3.0 Irish workplaces: An assessment

The vision agreed by the Forum provides a benchmark for what needs to be achieved in Ireland's workplaces in the years ahead. A critical challenge is how to make this vision a reality.

Chapter 4 of the main report provides a detailed assessment of Irish workplaces. It shows that there is an evident appreciation of the need for workplace innovation and change among employers, unions and employees and evidence that some significant changes are already occurring. However, it also highlights a number of areas in which practices can be improved and these are summarised below.

- The adoption by organisations of comprehensive 'bundles' of work practices which have been shown to be associated with high performance and innovation is quite limited. These practices include employee financial involvement, team-working and arrangements for work/life balance. In practice, many public and private sector organisations, in particular smaller companies, are missing out on the benefits associated with systematic workplace change
- In the public service, areas of weakness noted by the OECD include knowledge management and performance management. The OECD view is that flexibility is inhibited by overly centralised human resource management and financial management systems
- There is under-utilisation of the workforce due to insufficient employee involvement and participation in the workplace, and uneven investment in workplace training and lifelong learning
- Many workplaces are missing out on opportunities to improve their capacity for change by failure to communicate and consult effectively with employees, and because of insufficient employee involvement.

Rapid action is needed to close current gaps in skills and to build the skill sets, both regionally and nationally, which will anticipate changing trends in technology and business conditions.

- The Forum identified basic skill gaps in literacy, numeracy and foreign languages but also in management and leadership, and provision of training, particularly in smaller organisations.
- A key challenge is the level of participation in lifelong learning as Ireland currently ranks eighth out of the EU 15 and well behind the leading countries
- The Forum's survey of employees suggests that a significant proportion of employees are not receiving regular training and that there is uneven access to workplace training, particularly for women, less skilled workers and older workers.

Despite progress in many respects there is a persistent 'opportunities divide' in the Irish workplace. Workers who have higher levels of educational attainment and who hold more senior positions in the organisation are afforded greater opportunities. More specifically,

- There is a serious under-utilisation of women's high standards of education and skills. Workforce participation rates for women with third-level education lag well behind those for men
- Women are still experiencing barriers to taking full advantage of opportunities; and their situation remains unequal in key areas such as pay and employment in managerial roles
- The Forum found that childcare is critical in this regard. However, in spite of ongoing efforts to improve childcare Ireland continues to rank poorly by comparative standards. At the same time the cost to parents of childcare is the highest in Europe. Irish parents pay on average 20 per cent of their annual income towards childcare, which is almost twice the EU average of 12 per cent

- The Forum also identified lack of access to family-friendly working arrangements and low educational attainment as key barriers facing lone parents
- The Forum also found that people with disabilities, older workers, non-national workers and those in lower socio-economic groups face particular challenges in participating in the workforce.

An increasing proportion of Irish workplaces are developing flexible practices to improve the quality of working life. However, the diffusion of practices remains quite limited. The Forum identified factors which reduced employee stress and increased satisfaction. These included autonomy and giving employees more control over their working lives; consultation and meaningful involvement; training and opportunities for learning; family-friendly policies; and flexible work arrangements.

4.0 A National Workplace Strategy: Critical actions

To accelerate the pace of workplace innovation and change, and to address the challenges identified by the Forum a co-ordinated approach to workplace development is required built around the following five strategic priorities:

- Commitment to workplace innovation
- Capacity for change
- Developing future skills
- Access to opportunities
- Quality of working life.

The Forum sets out detailed recommendations in each of these areas, which taken together constitute a National Workplace Strategy as set out in the table overleaf. A full list of the recommendations is provided in the main report.

4.1 Commitment to workplace innovation

There is potential to substantially increase the rate of workplace innovation in Ireland. The first set of actions identified by the Forum focus on how the workplace characteristics identified in its vision can become more widespread across all sectors of the Irish economy.

The actions identified by the Forum are:

- Enhance the role and recognition of workplace innovation in the overall development of a national system of innovation and improve resources and support accordingly
- Establish a three-year dedicated fund under the aegis of the Council of the NCPP to promote innovation and research in human resource development, organisational change and lifelong learning
- Incorporate workplace innovation more explicitly into existing criteria for public policy and state funding aimed at supporting R&D and organisations
- Improve the workplace data infrastructure to achieve greater co-ordination and quality of information and especially, to implement a regular workplace survey to help assess progress in relation to workplace innovation at national and sectoral level
- Enhance the existing framework of networking with a focus on dissemination of good practice and know-how within and across sectors.
- See **Forum Recommendations 1 – 8**.

A National Strategy for Workplace Innovation

STRATEGIC PRIORITIES

COMMITMENT TO WORKPLACE INNOVATION	CAPACITY FOR CHANGE	DEVELOPING FUTURE SKILLS	ACCESS TO OPPORTUNITIES	QUALITY OF WORKING LIFE
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CRITICAL ACTION AREAS

Resource and fund workplace innovation across the economy	Improve leadership and management capacity	Increase investment in training	Champion proactive strategies for diversity	Establish employability as a key principle
Make workplace innovation a key requirement in state funding awards	Increase employee involvement and autonomy	Facilitate continuous learning, ongoing upskilling and re-skilling	Improve childcare access, affordability and choice	Support and promotion of quality of working life
Co-ordinate and improve data collection	Enhance the effectiveness of the dispute resolution and avoidance system	Build three way commitment to individual lifelong learning (among Government, employers and employees)	Implement a transparent economic immigration policy	Address the opportunities divide
Develop innovation networks and benchmarking tools	Develop a more proactive role for unions which reflects the changing views of members	Foster an integrated approach to skills development	Encourage greater participation among key groups	Increase employee autonomy, involvement and learning



LEADING TO POLICY RECOMMENDATIONS AND IMPLEMENTATION BY THE HIGH LEVEL IMPLEMENTATION GROUP

4.2 Capacity for change

The Forum believes that significant improvements in the capacity for change in the workplace can be secured through improving the ability of managers to lead and manage change through greater levels of engagement with employees and through more effective dispute resolution processes.

The actions identified by the Forum are:

- Improve leadership and management competencies, in particular in relation to change management, networking and people management:
 - Particular attention is required to support and incentivise small, young and indigenous firms who face particular challenges in developing their managers
 - The expansion of arrangements for open recruitment, mobility and knowledge management will also improve leadership and management capacity in the public service.
- Encourage public and private sector organisations to achieve greater HRM capability benchmarked against national and international best practice
- Increase levels of employee involvement and autonomy through improved information flows and consultation arrangements in all workplaces irrespective of size
- Increase the use of employee financial involvement by examining and addressing operational concerns and perceived barriers in different sectors, particularly among smaller companies. The issue of taxation in relation to gainsharing is one of a number of areas that must be examined in this context
- Enhance opportunities for employees to be involved in problem-solving and decision-making by broadening the development and understanding of workplace partnership-style approaches through promotion and dissemination of good practice models

- Unions to develop a more proactive role in meeting the changing needs of their members through the enhancement of employee involvement, partnership and dispute resolution
- Increase the emphasis on resolving employment and workplace problems near to their source. This requires that the relevant public agencies proactively assist employers, employees and unions in devising their own customised, in-house approaches to dispute resolution and avoidance
- See **Forum Recommendations:** 9 – 19.

4.3 Developing future skills

The development of an effective framework that supports individual and organisational participation in lifelong learning will improve Ireland's competitiveness across all sectors. In particular, it will support Ireland's transition to a knowledge economy. The challenge of developing and maintaining a highly skilled workforce and lifelong learning must be tackled at individual, organisational and national level.

The actions identified by the Forum are:

- Increase public and private investment in training and development of those already in the workforce, in particular those workers in the middle and lower end of the labour market
- Make available additional resources for smaller businesses that experience significant problems in terms of affordability of training and its integration with work scheduling
- Develop and promote materials and resources to support individuals in the workforce in managing their lifelong learning progression:
 - Support ongoing learning through the use of career planning and the development of Personal Learning Plans for employees
 - International approaches based on a three-way commitment of resources from Government, employers and employees sometimes known as Personal Learning Accounts should be examined with a view to informing policy development in Ireland

- Foster a more integrated approach among Government departments, state agencies and educational establishments responsible for policy development, co-ordination and delivery. In particular, develop closer ties between the workplace and the education sector
- Implement the recommendations of the Report of the Taskforce on Lifelong Learning and broaden the scope of the National Training Fund to support a wider range of workplace training initiatives
- Expand efforts to develop enterprise-led approaches to training and to improve participation in these activities
- See **Forum Recommendations: 20 – 27.**

4.4 Access to opportunities in the workplace

There is a particular need to develop initiatives that will encourage greater participation by groups that are still under-represented in the workforce – particularly women, older workers, lone parents, people with disabilities and non-national workers.

The actions identified by the Forum are:

- Develop policies and structures at national and organisational level to support the achievement of inclusive workplaces and a proactive approach to dealing with equality, diversity and flexibility as mainstream business issues:
 - Proactively manage diversity and flexibility in the workplace to create mutual benefits for employers and employees
 - Investment is required to address the needs of people with disabilities, both in the education system and the workplace
- Implement the recommendations set out in the WorkWay project to improve recruitment rates of people with disabilities by employers in the private sector
- The public service, as a major employer, needs to be a leader in equality and diversity
- Enhance measures to support women returning to the workplace
- Develop a multi-faceted, wide ranging policy response and practical solutions for the provision of effective childcare supports and arrangements. New approaches need to be explored based on a three-way commitment of resources by Government, employers and employees
- Bring forward at an early date the Employment Permits Bill which is currently in preparation to support a more responsive and robust economic immigration policy
- Enable older workers to combine work with other life roles through the availability of flexible work arrangements and develop flexible arrangements relating to retirement, pension, taxation and social security.

4.5 Quality of working life

Ensuring a good quality of working life for all workers needs to be a central part of Ireland's economic and social agenda in the coming years. It is important to note that many of the conclusions and associated policy recommendations discussed in other areas will also have an important bearing on the experience of all employees within the workplace.

The actions identified by the Forum are:

- Support a better quality working life through promotion and dissemination of the benefits of employee involvement, autonomy, flexibility, team-working and maintaining high standards of health and safety and better work/life balance arrangements
- Establish employability as a key principle. Security of employment – not always through continuity of tenure with a single particular employer – is a key determinant of the quality of working life. Employability depends on the ability of employees, with the active support of their employers and public agencies, to continuously develop their skills and competencies through lifelong learning and up-skilling
- Prioritise training and participation arrangements and support targeted initiatives at employees who experience the opportunities divide in the workplace
- Unions must continue to represent a broader range of employee concerns in areas such as work/life balance, training, continuous learning and career planning
- See **Forum Recommendations**: 38 – 40.

4.6 Delivering the National Workplace Strategy

The Forum highlights Ireland's potential for achieving significant 'early mover advantage' in relation to workplace change and development. Realising this potential requires all the relevant stakeholders to strongly commit to continuous workplace innovation. The actions and activities recommended by the Forum comprise a National Workplace Strategy and must be progressed in a co-ordinated and workplace-centred manner.

Ireland currently lacks the structures to ensure that this will actually happen. Public policy tends to address different aspects of the workplace in a discrete way and support for workplace development is not seen as a strategic policy objective. There is no dedicated national programme or strategy to support workplace development and modernisation, comparable to those established in some other countries such as Finland and Australia.

The Forum recommends the establishment of a High-Level Implementation Group to develop and oversee the institutional arrangements needed for the successful implementation of the National Workplace Strategy.

- See **Forum Recommendations**: 41 – 42.

Investing in the type of workplace innovation outlined by the Forum will bring significant rewards and competitive advantage. The key question is whether the same energy that was invested in Ireland's economic transformation over the latter decades of the twentieth century can now be brought to bear on transforming Ireland's workplaces for the twenty first century?

Chapter 1

Strategic importance of the workplace

Strategic importance of the workplace

Change and innovation in the workplace will play a pivotal role in determining our capacity to develop as a dynamic, inclusive, knowledge-based economy and society. What takes place within the workplace is central to the capacity to innovate and adapt to change - for the Irish economy as a whole as well as for individual organisations.


Meaningful work, whether paid or unpaid, is a central aspect of society, and is essential to the dignity and well-being of individuals. The choices that we, as a society, make with regard to workplace development in the coming years will have a lasting impact on individuals, families, enterprises and the ongoing success of our economy.

As a country, we have committed to rapidly moving our enterprise base to higher value-added and higher skilled activities; modernising our public services to respond to pressing economic and social imperatives; and ensuring equal opportunities and social protection for employees and citizens. Fundamentally new approaches are needed in workplaces in both the public and private sectors in order to deliver on these commitments.

Enterprises must build competitive advantage through the quality of their employees and through new ways of organising work. New ways of working and the achievement of organisational change are also an essential part of public service modernisation.

Up to now, however, little systematic attention has been given to identifying and developing the workplace features which will enable Ireland to achieve its competitive and social goals. The establishment of the Forum on the Workplace of the Future signals the recognition by the Government and the social partners that workplace change is now an imperative, and that fundamentally new approaches are needed.

1.1 Irish workplaces in transition

 *These are organisational traits that need to be deliberately developed and encouraged through changes in thinking, structures, approaches to management, and work practices.*

Workplaces in Ireland have enjoyed a very positive context over the past decade. Rapid growth has created new opportunities for businesses and workers, and has enabled expanded investment in public services. While the outlook remains positive, we are now entering a phase in which workplaces are exposed to pressure from a variety of sources. These changes are being driven by greater competition, by information and communication technologies, by the changing needs of customers and employees, and by the urgent need to improve the delivery of public services.

Ireland is now at a critical juncture in terms of workplace development. Innovation, adaptability and openness to change are the keys to business success and improved public services in the twenty-first century. These are organisational traits that need to be deliberately developed and encouraged through changes in thinking, structures, approaches to management, and work practices.

There is, however, no certainty that organisations generally can or will develop the workplace in ways that will best support Ireland's desired new competitive posture and enhance the quality of employees' working lives. This is why the Forum has set out to bring into focus the workplace features that are needed for sustained competitiveness, high quality public services and social inclusion.

1.2 Need for workplace innovation

Building Ireland's indigenous capacity for innovation is one of the main strands of the national strategy for growth and enterprise. While Ireland has been very successful over several decades in attracting foreign-owned knowledge-intensive industries to set up here, the domestic innovation base remains weak. At present, much of the knowledge and technology that is fuelling the Irish economy is generated overseas which means Ireland is a 'technology taker' rather than a 'technology maker', dependent on imported technology and foreign sources of innovation.

In response to this, a concerted effort is now underway to develop our indigenous capacity for innovation. While much attention is being paid to the importance of investment in technology and R&D capacity, this is but one critical part of a broader national system of innovation (Figure 1.1). This model of innovation argues that successful development of R&D capabilities in Irish-based industry depends upon the concurrent development, at national and at enterprise level, of other critical sources of innovation, including:

Figure 1.1 | The elements of a national system of innovation



- Establishing the institutional basis for innovation through linkages between Government, industry, research and education
- Building capabilities in marketing and customer-service, and
- Developing the capacity of workplaces to engage in innovation and harness knowledge.

Developing our indigenous technology and innovation base depends, therefore, as much on improving the ability of workplaces to change and innovate as it does on investment in research and development.² This view of innovation gives every person in the workforce a role in shaping our country's future development. Organisational structures and processes, management capacity, leadership values, employee relations, working arrangements, human resource management and other aspects of the workplace must all be a part of the search for innovation.

² See Green, R., "Innovation, Clustering and the Knowledge-based Economy", presentation to the National Institute for Manufacturing Management, SmartLink Seminars, April 2003.

1.3 International developments

 *This is an area where Ireland, using the strengths of its social partnership process, can gain a significant early mover advantage.*



The importance of the workplace is highlighted by the report of the European Employment Taskforce, which sets out what EU member states need to do to create employment and to achieve the ambitious targets for the development of the European knowledge economy which were set at Lisbon in 2002.³

The Lisbon agenda commits EU countries to an ambitious set of targets in this context, while countries on the Asia-Pacific rim are also making significant investments in support of R&D, education, and providing inducements for foreign investment in high-technology activities.

The challenges facing Ireland are not unique, and the speed and success with which Irish workplaces can respond to emerging challenges will be critical for our international competitiveness. Significantly, the Forum has noted that while a growing number of countries recognise workplace innovation as an essential aspect of building competitive advantage, few have developed a co-ordinated and focused national strategy.⁴ This is an area where Ireland, using the strengths of its social partnership process, can gain a significant early mover advantage.

1.4 Challenges for Irish workplaces

The Forum addressed the challenges facing workplaces in Ireland through its four expert panels as follows:

- **Private sector workplaces**, where economic globalisation and technological innovation are rapidly changing the competitive environment for business and industry
- **Public sector workplaces**, which face intense pressure to operate in new ways in order to deliver essential service improvements
- **The changing workforce**, and how the knowledge society is changing the nature of work and people's working lives
- **The national policy and supports infrastructure**, and how it can achieve a more co-ordinated approach to workplace change and innovation. Currently, supports are focused on discrete areas such as training, equality, labour force development and dispute resolution.

³ *Jobs, Jobs, Jobs. Creating More Employment in Europe. Report of the Employment Taskforce chaired by Wim Kok, 2003.*


⁴ *A noteworthy international example is the Finnish TYKES programme, described in Appendix E.*

The public and private sectors have different but inter-dependent roles to play in creating a productive, inclusive economy and society.⁵ Achieving the necessary transformation in both sectors makes for a broad agenda of workplace change in the coming years. A co-ordinated national effort of workplace development will be needed.

This shared agenda for workplace change must also respond effectively to the changing needs of workers. This is essential for the quality of working life experienced by individuals as well as for organisations to fully benefit from the diverse capabilities and potential of their employees.

Priority must also be given to putting in place policies and structures which can deal with critical cross-cutting issues such as lifelong learning, childcare and support for innovation and change in the workplace. The work of the Forum marks an initial step in seeking to build a broad political and societal consensus around the need for public policy to support workplace change and encourage organisational learning in a more co-ordinated manner.

The key question to be asked of all concerned is whether the same energy that was invested in Ireland's economic, industrial, infrastructural and human resource transformation over the latter decades of the twentieth century can now be brought to bear on transforming Ireland's workplaces for the twenty first century?

 *The key question to be asked of all concerned is whether the same energy that was invested in Ireland's economic, industrial, infrastructural and human resource transformation over the latter decades of the twentieth century can now be brought to bear on transforming Ireland's workplaces for the twenty first Century?*

⁵ Porter, M., "Competitive Strategy for Profitable Growth", address to the Irish Management Institute Conference, November 2004.

Chapter 2

Why workplaces need to change




Why workplaces need to change

In the constantly evolving world of business and public services, the most successful organisations are those that anticipate and adapt so as to turn change to their advantage. What is particularly challenging now is the scale and rapid pace of the changes affecting Irish workplaces. The forces that will shape our workplaces in the coming years include:

- The changing competitive environment
- The transition to the knowledge society
- The changing workforce
- Technological change
- Changing expectations regarding public services.

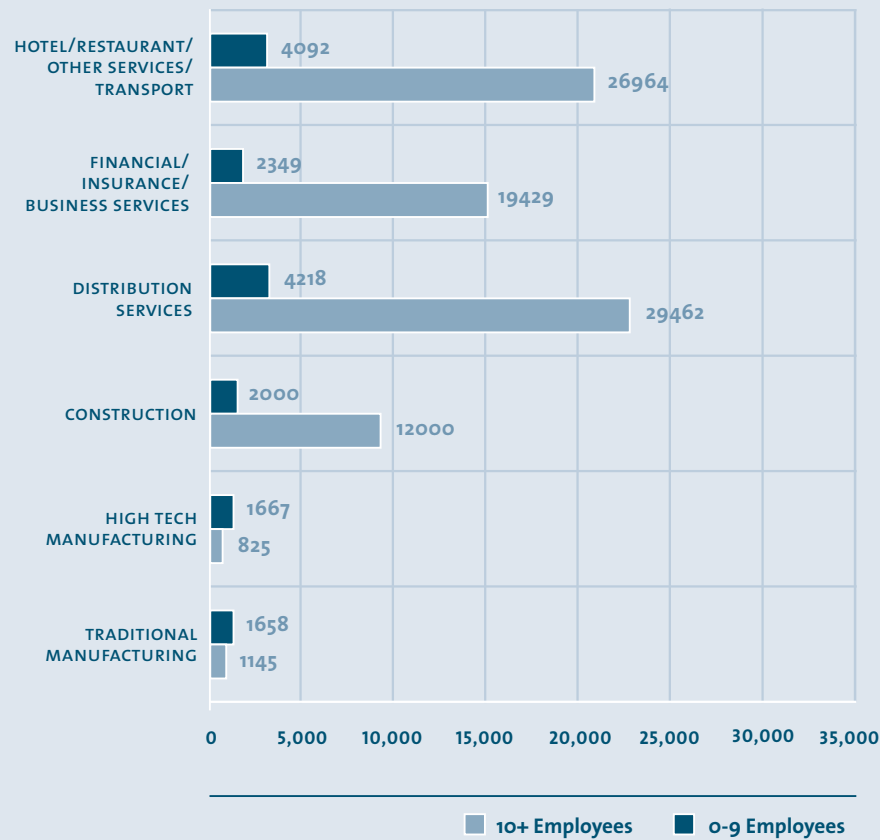
These forces for change are analysed in the following sections of this chapter. They are relevant to every sector of the Irish economy. Figures 2.1 to 2.3 give an overview of the wide range of public and private sector organisations providing differing types of employment in Ireland.⁶

The private sector employs 84 per cent of people working in Ireland. The largest numbers of enterprises are in services such as tourism, financial services and other business services. In these sectors small businesses predominate, with around 90 per cent of enterprises employing fewer than 10 people. In both traditional and high technology manufacturing, the average organisational size is larger. However, while small businesses are the most common form of workplace, larger businesses are the bigger source of employment in the economy. In terms of numbers 85 per cent of enterprises employ less than 10 people. However, in terms of employment, small companies employ 394,900 people while 971,800 work in companies employing more than 10 employees.

 *The most successful organisations are those that anticipate and adapt so as to turn change to their advantage. What is particularly challenging now is the scale and rapid pace of the changes affecting Irish workplaces.*

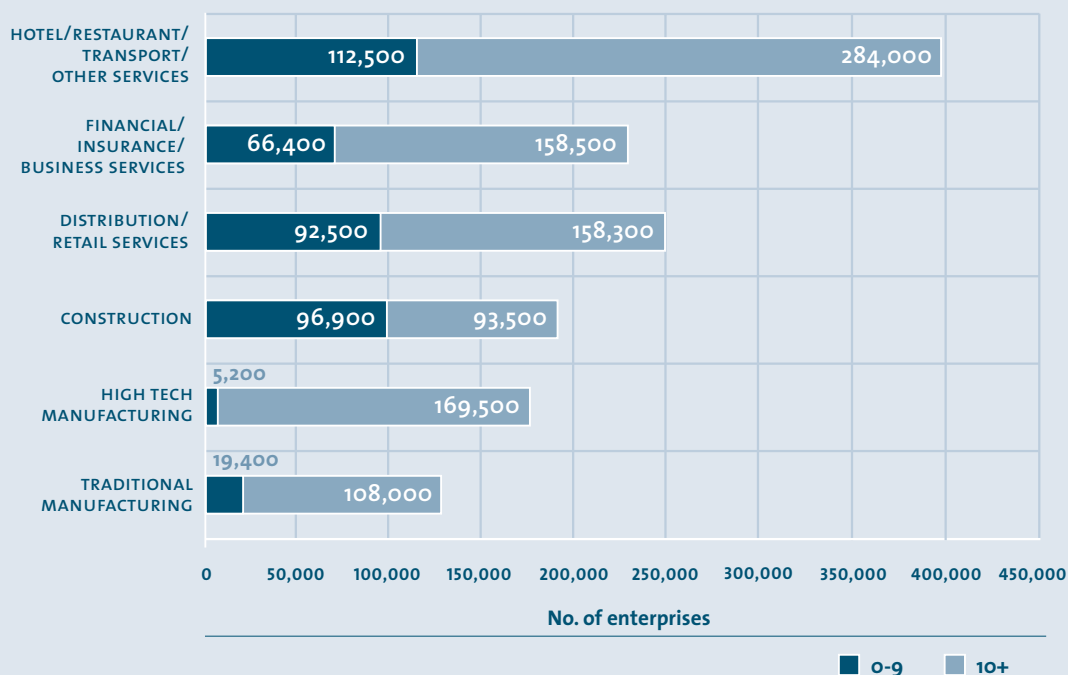
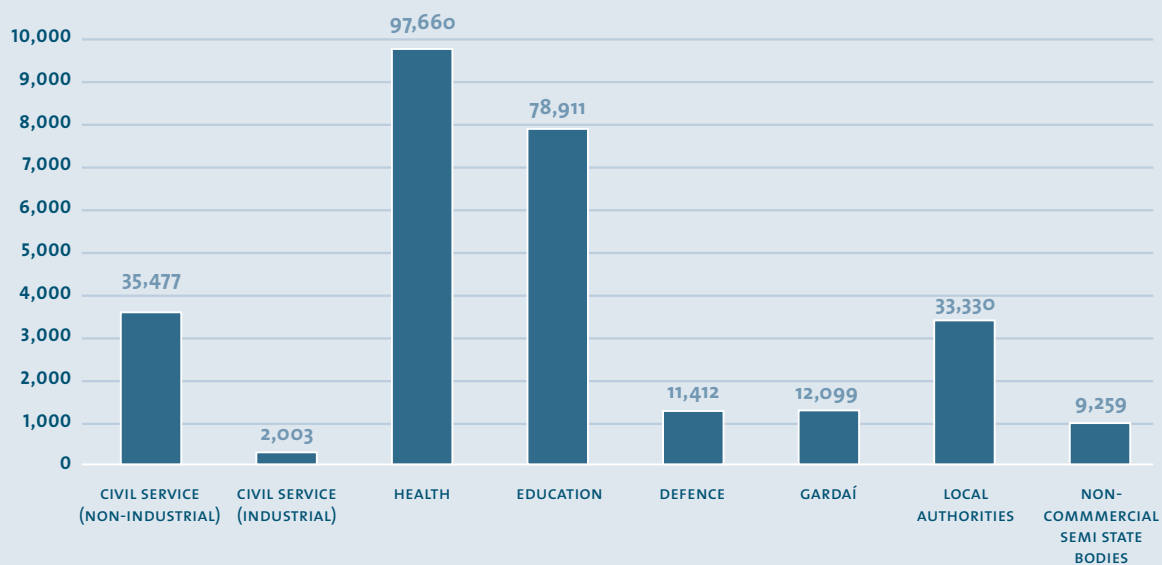
⁶ Sources for these figures include ESRI and CSO data: Census of Industrial Production, various Annual Services Enquiries and the Labour Force Survey.

Figure 2.1 Private Sector: Number of enterprises by sector and size of establishment



Foreign-owned enterprises are a key element of the Irish commercial sector. In 2002, foreign-owned companies had combined sales of €70 billion and accounted for 75 per cent of total exports from the Irish economy. Over 150,000 people, approximately 12 per cent of the private sector workforce, are employed by these companies, with an average workforce of 118 employees.

With 280,829 employees, the public service is a very significant employer. The public service comprises a highly diverse group of almost 600 organisations, encompassing key sectors such as the civil service, local Government, health, and education, as well as a range of state agencies and non-commercial semi-state organisations.

Figure 2.2 Private Sector: Numbers employed, by sector and size of establishment

Figure 2.3 Profile of employment in the public sector by area of activity⁷


⁷ Department of Finance figures for end September 2004.

2.1 The changing competitive environment


The global competitive environment is undergoing rapid transformation and, as a small open economy, Ireland is highly exposed to a range of external forces. These include:

- **Intensified cost competition** from the newly emerging economies of India, China and other Asian countries, as well as from Central and Eastern Europe and Central America
- **Competition for talent**, which is also becoming more intense as advanced countries are faced with a shrinking and ageing workforce and organisations seek more highly skilled people
- **Competition for leadership in high-value added activities** from other advanced economies, which are making very large investments to support skills and innovation
- **EU membership** impacts on Ireland's economy in many ways — Directives are often concerned with the workplace and impact on work practices; EU economic and social policy drives change on issues such as regional development and competition, and access to European markets triggers demand for employee competencies in areas concerned with marketing and languages
- **Opening up of markets to competition** through liberalisation and the entry of new competitors to previously protected sectors
- **Business re-engineering** driven by pressure on larger companies to restructure on a global rather than local/regional basis and send activities to their most cost-efficient or strategic location, the elimination of intermediaries, and the emergence of virtual companies
- **The accelerating rate of change** experienced by Irish companies and public service organisations, which impacts on their attempts to adapt organisational structures and processes to meet competitive challenges, and which also influences levels of employee stress and job satisfaction.

These global trends are driving significant structural changes in the Irish economy. As a result, Ireland must now compete even more effectively for the knowledge-intensive high value-added jobs which will form a growing part of our industry base in both the Irish and foreign-owned sectors. The Economic and Social Research Institute (ESRI) estimates that three knowledge-intensive sectors will account for three-quarters of total employment growth over the next decade: high-tech manufacturing, health/education services and other market services.⁸

Encouraging innovation and high performance

In this environment, the capacity of workplaces to anticipate and adapt to change is one of the main requirements for competitiveness and wealth creation. Ireland's enterprise strategy is now focused on developing internationally traded services, high-value manufacturing and world-class locally traded businesses and public services. Changes in the workplace will, to a large extent, determine how well these strategic opportunities can be developed. Innovative, customer-driven industries and services depend crucially on factors such as employee involvement, progressive management practices, constant development of employee skills and attention to motivation and rewards.

 *There is no place for poor management or for work practices that impede essential organisational changes.*


Improving productivity

In the increasingly challenging competitive environment that we now face, businesses and public services must achieve sustained improvements in productivity. While the Irish economy overall has achieved impressive productivity gains in recent years, analysis shows that improvements have been driven mainly by the performance of the foreign-owned sector and by Irish companies that trade internationally. However, in the locally-trading businesses and public services which make up the majority of our workplaces, productivity growth has been much more uneven.⁹

The productivity improvements now required will not be achieved without significant changes in work practices in some sectors, and a greater focus on performance management. There is no place for poor management or for work practices that impede essential organisational changes. Making the necessary changes will be a challenging process for employees and managers, particularly in sectors which have, up until now, been less attuned to the need for workplace modernisation and/ or competition.

⁸ Sexton, J.J., Hughes, G. and Finn, C., *Occupational Employment Forecasts 2015, FÁS/ESRI Manpower Forecasting Studies, Report No. 10, 2002.*

⁹ *Ahead of the Curve: Ireland's Place in the Global Economy, Report of the Enterprise Strategy Group, 2004.*

 *In a changing economy, security for individual workers is increasingly related to employability based on marketable skills and the continuous updating of such skills, rather than a guarantee of ongoing employment with the same employer. In this context, lifelong learning for all employees is becoming essential.*

Minimising disruption

While the continued success of the economy in creating new jobs means that employment overall will continue to grow, increasing competition and the restructuring of the economy will inevitably pose acute challenges for individual firms. In a changing economy, security for individual workers is increasingly related to employability based on marketable skills and the continuous updating of such skills, rather than a guarantee of ongoing employment with the same employer. In this context, lifelong learning for all employees is becoming essential.

In individual workplaces, investment in retraining and up-skilling will be critical in minimising job losses and equipping employees with marketable skills. Organisations will also need to develop their capacity to manage change so that the redesign and restructuring of working environments can be achieved in a manner that minimises disruption.


At the level of national policy and supports, the agreement and concerted implementation of actions to remove barriers to lifelong learning, outlined elsewhere in this report, and an increase in the incidence of work-related learning across all sectors of the economy, would help Ireland achieve ‘early mover advantage’.

2.2 Transition to a knowledge society

The growth of knowledge-intensive work will be one of the most important influences shaping work and workplaces in the coming years. Ireland, in common with other advanced economies, is rapidly becoming a knowledge society, in which productivity growth and added value depend increasingly on ideas, information and technical skills. The full impact of these structural changes have to date been cushioned by Ireland’s high levels of employment growth. However, as this rate of growth slows, the impact of the shift to knowledge-intensive work will be more pronounced and will need to be managed carefully.

Technology-intensive and skill-intensive manufacturing and service activities will be a key part of the Irish economy in the coming years. The rapid pace of these developments is illustrated by the following trends:

- The growth rate of employment in knowledge-intensive services in Ireland far outstripped the EU average in the period 1997-2002¹⁰
- Ireland's share of trade in highly R&D intensive industries, which includes for example, pharmaceuticals, is the largest among the OECD countries¹¹
- Ireland had one of the most rapid rates of change in the structure of employment in the EU in the period 1995-2002, with a significant shift occurring out of low-skill employment into more highly skilled work.¹²

 *Ireland, in common with other advanced economies, is rapidly becoming a knowledge society, in which productivity growth and added value depend increasingly on ideas, information and technical skills.*

Submissions to the Forum

The global context is one of cost competition, rapid technological development, competition for talent, business re-engineering and an accelerating rate of change. The right kind of workplace is essential for future success in this environment. Competition is a given; our workplaces must respond with radical redesign of working environments, productivity tools, working conditions, relationships with employees and job and workforce design. Openness to change, not clinging to established custom and practice, must be the basis for how we manage the workplace.

– **Presentation to the Forum by Martin Cronin, Chief Executive, Forfás**

Globalisation is having a profound effect on our competitiveness and our manufacturing base continues to decline due to the outflow of low-skilled manufacturing jobs to less developed economies. At the same time, new technologies have created new opportunities for Ireland and our well educated, highly skilled workforce to supply high quality goods and services to a growing global market.

– **Submission to the Forum by the Irish Congress of Trade Unions**

Competitive pressures and the need to innovate have implications for work organisation and will demand a greater spread of skills, versatility and flexibility from both workers and managers. Workplaces need to be able to respond instantly to change. In many enterprises, change is willingly embraced and is seen as part of the lifeblood of the development of the business. In other organisations, it is more problematic and a lot of time is spent negotiating the introduction of change.

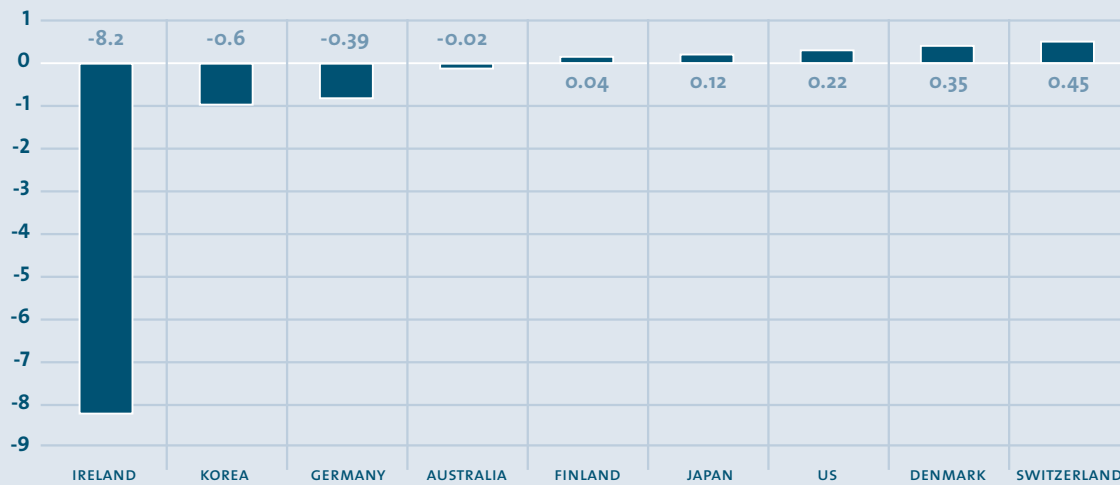
– **Submission to the Forum by the Irish Business and Employers Confederation**

¹⁰ *Employment in Europe 2003, European Commission, 2003.*

¹¹ *Green, R. and Coughlan, C., "Whose Knowledge is it Anyway?" presentation to the Forum on the Workplace of the Future, November 28, 2003.*

¹² *Employment in Europe 2003, European Commission, 2003.*

Figure 2.4 | Ireland's 'technology balance of payments' as a percentage of GDP



Source: Roy Green, Forum on the Workplace of the Future Conference, June 2004.

Need to strengthen the knowledge and innovation base

Ireland's success to date has been based largely on success in attracting inward investment in knowledge-intensive industries rather than in the development of our indigenous capacity to produce knowledge-intensive goods and services. The scale of our dependence on knowledge and technology that is generated overseas is illustrated by the 'technology balance of payments' shown in Figure 2.4.

Ireland is very heavily indebted to foreign sources of innovation compared to other EU and OECD countries, reflecting the strong presence of foreign firms and their tendency to import technology from their home countries.

While investment in R&D and in university-industry linkages in the area of science and technology will be critical for building up national innovation capacity, this must be matched by change and innovation in the workplace. Employers must understand and develop approaches to work and management which are conducive to learning and innovation.

2.2.1 Investment in human resources and lifelong learning


Employment in the Irish economy is forecast to increase by 315,000 in the period up to 2010. When forecasts for attrition are incorporated into the analysis, the number of additional workers required rises to 420,000, of which 300,000 are expected to need third level qualifications.¹³

In addition, the structure of employment is changing significantly, as shown in Figure 2 5. Employment in professional and service occupations is expected to expand significantly in coming years, and ESRI projections indicate that by 2015, one in five people will be employed in knowledge-intensive public service sectors.

The creation of a well-educated, skilled workforce has been one of the main factors contributing to Ireland's economic success in recent years. Education and skills will be even more critical for the future.

FÁS estimates that skilled and semi-skilled work in manual and service occupations will still account for half of all jobs in Ireland in 2010. However, in a knowledge society, the combined effects of technology, increasingly sophisticated customer demands and competition are driving up the knowledge and skill content in virtually all work.¹⁴ Employee knowledge, skills and experience will be a key source of innovation, improved performance and competitive advantage.

The International Labour Organisation (ILO) estimates that 80 per cent of the predicted workforce in 2015 is currently employed. This has implications for lifelong learning, as the skills of those already in the workforce will need to be continually updated.

 *When forecasts for attrition are incorporated into the analysis, the number of additional workers required rises to 420,000, of which 300,000 are expected to need third level qualifications.*

A key element for the success of businesses in adapting to change will be the potential for employees to develop and acquire the necessary skills quickly. Upskilling and reskilling of the workforce will take on a more significant role than ever before.

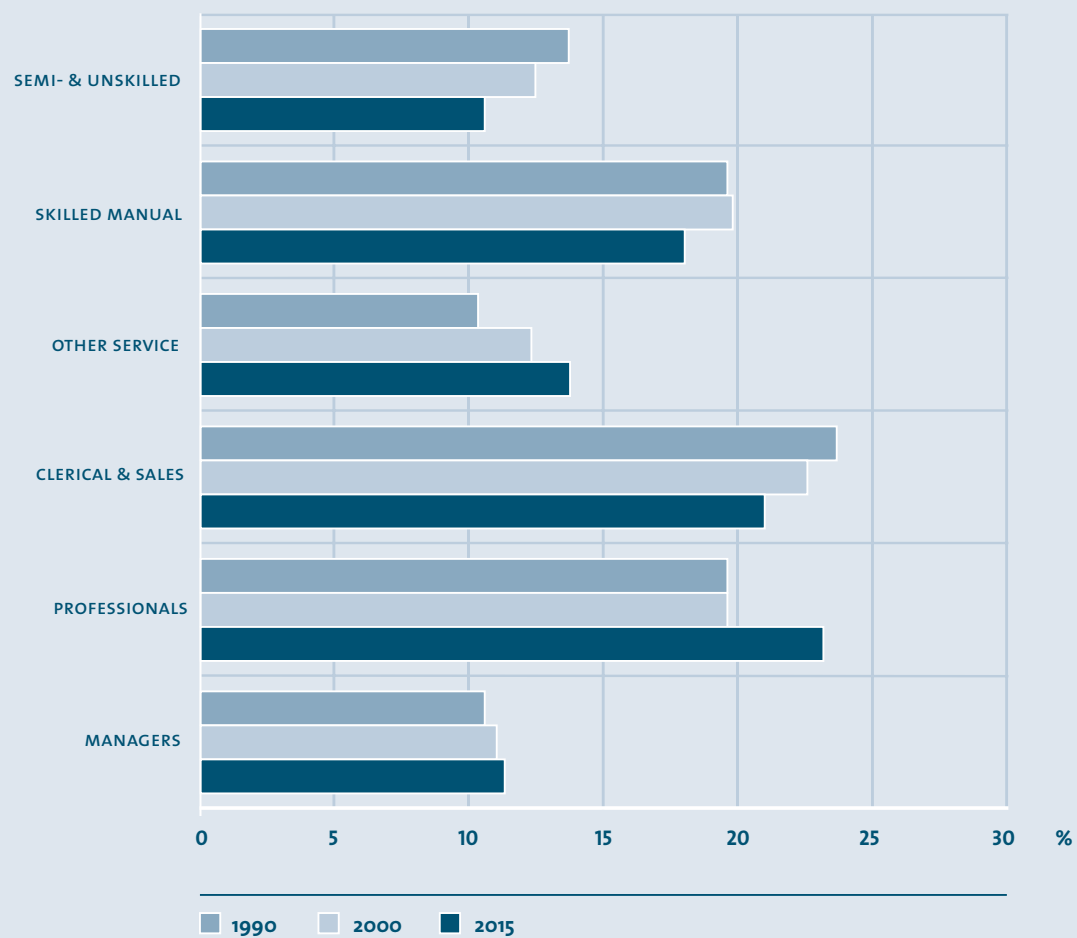
– Submission to the Forum by the Expert Group on Future Skill Needs

Continuous upskilling will be needed right across the economy — in services, traditional manufacturing, in the hi-tech sector, and in the public services. Excellent technical and commercial skills will be needed to underpin Ireland's economy. IT literacy, along with specialist skills in areas such as mathematics, science and technology, will be critical, as will strengths in sales, marketing, management and languages.

¹³ Source: FÁS/ESRI, *Manpower Forecasting Studies, Report Number 11, Occupational Forecast by Region for 2010, 2004.*

¹⁴ Flood, P. "Building Wealth through Relationships: Irish Knowledge Workers and the Psychological Contract", presentation to the Forum on the Workplace of the Future, February 2004.

Figure 2.5 Trends in non-agricultural employment in Ireland 1990, 2000 and 2015 (forecast)



Source: Sexton, J.J., Hughes, G. and Finn, C., Occupational Employment Forecasts 2015, FÁS/ESRI Manpower Forecasting Studies, Report No. 10, 2002.

Changes in technology and business processes, combined with the restructuring of the economy, means that employees will need to engage in ongoing learning and continuous updating of their skills throughout their working lives. This will provide them with mobility in the labour market and access to good quality career pathways.

2.2.2 Attracting and retaining workers in the knowledge society

While discussion of the future of work often focuses on issues relating to the insecurity associated with rapid change, attracting and retaining highly skilled workers is becoming a major concern for employers in both the private and public sectors.

▶ *Direct and collaborative employment relationships are becoming more focused on reward and recognition for high performance; on opportunities for employees to enhance their future employability through acquisition of additional skills; and on higher degrees of autonomy and flexibility.*

Employers will need to understand the factors that will encourage highly skilled, well-educated and often quite mobile workers to remain with them. Traditional concerns about job security, continuity of employment and standardised conditions appear less significant for workers with highly marketable skills, although for less skilled workers they remain key considerations.

One outcome of ongoing occupational upgrading, and the high levels of education necessary in today's workplaces is that employees are likely to demand more say in the workplace and more control over their work. Employers will need to provide more opportunity for employees to be involved in decision-making and problem solving. This trend is already evident in many workplaces both in Ireland and internationally, and is leading to new approaches to job design and employee involvement, as well as a move away from traditional hierarchical management structures.

Direct and collaborative employment relationships are becoming more focused on reward and recognition for high performance; on opportunities for employees to enhance their future employability through acquisition of additional skills; and on higher degrees of autonomy and flexibility.¹⁵

These changes create new challenges for employers and employees, and reinforce the need for workplaces to respond to these elements of job satisfaction and motivation.

2.3 The changing workforce

Ireland's workforce is becoming more diverse and working patterns are becoming more varied as workers seek flexibility to meet their individual needs. There is no longer a standard model of how employees interact with the workplace. That interaction is becoming more complex as an increasing proportion of workers endeavour to combine work and family responsibilities. In many respects workplaces are still coming to terms with this new reality.

¹⁵ Flood, P. "Building Wealth through Relationships: Irish Knowledge Workers and the Psychological Contract", presentation to the Forum on the Workplace of the Future, February 2004.

▶ *Participation by women will be particularly important for meeting the expanding demand for highly skilled workers, as women make up a very significant proportion of those with high skills.*

2.3.1 Workforce trends

The demographics of the Irish workforce are changing rapidly:

- The number of young people entering the workforce is falling as lower birth rates feed through into the working age population¹⁶
- The workforce is ageing. About 40 per cent of workers will be over the age of 45 by 2015. On current trends, the old-age dependency ratio in the EU will almost double in 50 years from 24.1 per cent to 47.2 per cent. The most drastic changes will take place in Ireland, where the ratio could be 2.5 times the current 17.4 per cent — up to 43.6 per cent — in 2050¹⁷
- Women are an increasingly important part of the workforce. They now make up about 42 per cent of the total, and are expected to account for 45 per cent by 2015
- The workforce participation rate of mothers has similarly increased, with 47.8 per cent of mothers economically active in 2003¹⁸
- Women's patterns of employment and participation still differ significantly from those of men. Over 30 per cent of female employees work part-time, and account for over three-quarters of all part-time workers
- Non-national workers make up a small but growing proportion of the workforce.

2.3.2 Need to increase labour force participation rates of women and older workers

As the number of young people entering the labour market declines, other sources of labour supply will have to be identified if labour shortages are not to become a critical constraint on growth. Given that the employment rate for men in Ireland (74.7 per cent in 2003) is already well above the EU average,¹⁹ the need for additional labour supply in coming years will have to be met by encouraging increased participation in work by other groups, and through immigration. Two groups for whom scope exists to increase participation rates are women and older workers. Barriers to their participation in the workforce must be removed.

There is scope to attract still more women into the workforce. The Lisbon Agenda targets for female workforce participation are 57 per cent by end 2005, and more than 60 per cent by 2010. Female participation in Ireland currently stands at 50 per cent²⁰ and is over 20 per cent below that of men (the average EU-25 gap between participation rates is 16 per cent). There is also scope to attract more women into full-time employment. Participation


¹⁶ The current birth rate is increasing, albeit very slowly, up from 13.8 per 1,000 of population in 1993 to 15.5 per 1,000 of population in 2003. This is still significantly below the rates during the 1970s (21.9) and 1980s (21.8).

¹⁷ Eurostat Yearbook 2004.

¹⁸ Quarterly National Household Survey (2004).

¹⁹ CSO, Women and Men in Ireland 2004, Dublin, 2004.

²⁰ CSO, Quarterly National Household Survey, May 2004.

 *In a tight labour market, employers are likely to find that employment policies which cater to the diverse needs of employees are an important factor in attracting and retaining good people.*

by women will be particularly important for meeting the expanding demand for highly skilled workers, as women make up a very significant proportion of those with high skills. Within the 25-34 age group, 43 per cent of women hold a third-level qualification compared to 36 per cent of men.²¹

Nowadays, Irish people experience better health and increased longevity, which when combined with a relatively young retirement age and an ageing population, will put a strain on pension resources. Older workers have shown a strong preference for remaining in employment and, as employment has grown in recent years their participation rates have risen. Ireland has a higher average age of exit from the labour force than most of the EU 25 countries. Increasingly, the perception that older workers will accept forced retirement from the workplace at a particular age is being broken down. Individual workers want a greater degree of choice and control over the length and structure of their working lives. As the supply of younger workers shrinks and work becomes more knowledge-based, the skills and experience that older workers bring are becoming increasingly valuable.

2.3.3 Non-national workers

If labour market predictions are accurate, Ireland's economy will require an estimated additional 30,000 workers per annum from outside the State to meet labour market demands for both skilled and unskilled occupations.²² This indicates the importance of developing a labour market management strategy, including a robust and responsive economic immigration policy, which meets the needs of the State, employers, and non-national workers.

It is important to ensure that Ireland's labour market management strategy ensures equality of opportunity for non-national employees in the workforce. In particular, it must address the risk of less skilled non-national workers being confined to low quality jobs in particular sectors of the economy, thereby entering a cycle of disadvantage, which may be hard to break. Experience in other countries shows that unless issues of social integration and the needs of the families of non-national workers are dealt with successfully at an early stage, there is potential for damaging divisions and conflict in society.

2.3.4 Catering for the changing needs of workers

The trends highlighted mean that managing diversity and providing equality of opportunity will be central issues for the workplace of the future — essential to a fair, inclusive labour market, and a source of potential advantage to employers in attracting and retaining workers.


The workforce is also changing in other significant ways. An increasingly large proportion of workers have to combine work with family caring responsibilities. There is some evidence from the Forum's survey of employees

²¹ CSO, Quarterly National Household Survey (Module on Lifelong Learning), May 2003.

²² FÁS, Annual Labour Market Review, 2004.

that Irish workers are experiencing increasing levels of stress and pressure in that regard. The proportion of households where all adults are in the workforce has increased sharply; around one-third of the workforce has at least one child under the age of 15; the number of lone parents working is growing; and, with an ageing population, the number of workers involved in caring for elderly family members is also on the increase.

As a result of these developments, work/life balance is becoming an increasingly critical issue for workplaces. There is a growing demand for practices to enable employees to balance work with other responsibilities. Flexible working arrangements are important supports to increased workforce participation, and essential to a good quality of working life for all workers. Moreover, in a tight labour market, employers are likely to find that employment policies which cater to the diverse needs of employees are an important factor in attracting and retaining good people.

 *The challenge for employees, managers and trade unions in the workplace of the future will be to engage with partnership structures in a proactive way, respecting their legitimacy and using them to stimulate innovation and high performance.*

2.3.5 Changing patterns of trade union membership

Across the labour force as a whole, the proportion of employees who are members of trade unions has been gradually declining. At the same time, the overall number of employees who are members of unions has increased as the labour force has grown. Union membership is lowest in some important sectors of the economy such as financial and other services — while it remains high in sectors such as construction, traditional manufacturing, health, education and public administration.

Unions exercise a key influence over the national framework of industrial relations and public policy through national social partnership structures, are an important interest group in their own right, and are likely to remain influential players. The challenge for employees, managers and trade unions in the workplace of the future will be to engage with partnership structures in a proactive way, respecting their legitimacy and using them to stimulate innovation and high performance.

Unions are as much exposed to issues of workplace change and adaptation, as are employers and employees. They face significant challenges in terms of broadening their appeal to workers in new industries and continuing to adapt the traditional collective bargaining agenda to accommodate issues such as diversity and work/life balance. The emergence of new approaches to employment relations, focusing on employee involvement and workplace partnership, also poses real challenges to unions, requiring them to engage with employers and employees in different ways and potentially altering the dynamics of industrial relations. Equally, research has highlighted the considerable advantages that workplace partnership affords to both unions and their members.²³ In this regard, the Irish Congress of Trade Unions (ICTU) has been a strong advocate of the need to deepen and embed the partnership process at enterprise level, while continuing to underscore the need for mutual gains for employees, employers and trade unions.

²³ NCPP, *Achieving High Performance: Partnership Works – A Review of the International Evidence, 2003*.

2.4 Technological change

Technological change is reshaping work in all sectors of the economy. Information and communication technology (ICT) is enabling radical changes in how work is performed and how businesses interact with their customers, and is demanding an increased level of competence in ICT on the part of virtually all workers. The Internet has led to the emergence of new industries and radically different business models in a number of existing industries. Key areas of the Irish economy such as manufacturing, financial services, computers and medical technology are highly sensitive to advances in technology.

Technological change offers significant opportunities for productivity improvement and changes in how work is organised. The two are closely interdependent. The success of technological change in the workplace depends to a large extent on the ability of individuals to absorb change. This is in turn affected by training in new technology and reorganisation of work to take advantage of changes in technology: for new technology to lead to higher productivity growth, work needs to be reorganised and the right skills made available.²⁴

How technology is used in business and Government is changing. ICT offers the opportunity for new ways of interacting with customers and for access to global markets. It can also help to break down organisational hierarchies and functional rigidities by enabling front-line workers to make decisions in real time and to work more independently. ICT offers significant opportunities for service reorganisation in the public service, as has already been demonstrated in areas such as Revenue and Social Welfare. eGovernment initiatives have made it possible for people to access an increasing range of public services using technology.

Changes in manufacturing technology offer opportunities for more flexible production techniques and just-in-time organisation of production. However, there is less certainty about the specific technologies and less certainty about the impact of any particular technology, and of new generations of technology that are only now beginning to emerge.²⁵ In response to these and similar uncertainties, the trend internationally is increasingly towards more open business networks, which can leverage diverse technologies and skills. To succeed and build businesses within these networks depends to an increasing degree on the versatility, education and creativity of a company's workforce.²⁶

²⁴ Arnal et al, *Knowledge, Work Organisation and Economic Growth, Labour Market and Social Policy Occasional Papers No. 50, OECD, 2001.*

²⁵ *Presentation to the Forum by Professor Mike Best, Director of the Anticipating Technology Trends project at the University of Massachusetts Lowell.*

²⁶ *Ibid.*

2.5 Changing expectations of public services


Public service workplaces face many of the same challenges of change as those in the private sector and will need to respond to the forces already outlined in this Chapter. Indeed, given the demand for improved performance in areas such as healthcare, local Government and education, the need for change is, if anything, more intense than in the private sector.

However, public services also face some unique challenges in achieving change, arising out of the particular features of public service delivery, the absence of market competition, the interface between administration and politics, and public accountability requirements.

Further, OECD research presented to the Forum suggests that Ireland is relatively weak in some key areas, including knowledge management and performance management, and that flexibility is inhibited by overly centralised human resource management and financial management systems.²⁷

Key factors that are reshaping public service workplaces include:

- The need for a higher level and quality of customer service delivery and a stronger customer focus
- Client demands for more integrated, flexible and effective services, and the need to manage increasingly complex networks of service delivery
- The need to achieve better value for money in key areas such as health and public transport and to make best use of limited resources across the public service generally
- The need to improve knowledge management in Government
- Changing governance and service delivery arrangements, including growth in the use of agencies and the involvement of the private and voluntary sectors in some aspects of service provision
- The need to achieve greater collaboration in policy and service delivery between different areas of the public service
- The move away from a bureaucratic culture towards one that emphasises performance and results.

 *OECD research presented to the Forum suggests that Ireland is relatively weak in some key areas, including knowledge management and performance management, and that flexibility is inhibited by overly centralised human resource management and financial management systems.*

²⁷ "Changing trends in public service management across OECD countries", presentation to the Forum by Elsa Pilichowski, OECD, April 2004.

Improvements in the delivery of public services cannot be achieved without significant changes in public service workplaces in areas such as job design and classification, skill and staffing requirements, performance management, opening hours, effective use of information technology, management structures and reward systems. Perhaps even more challenging are the changes in culture, attitudes and behaviour that are involved at all levels. Achieving the necessary changes will require significant openness and flexibility on the part of managers, employees and public service unions.

2.6 Need for new workplace models

Managers and employees in business and the public services are facing into a period of enormous challenge and change. The combined forces of competition and technology, the transition to the knowledge society, the changing needs of people and the urgent need to improve the delivery of public services, as outlined in this Chapter, point to the need for radically new workplace models.

The challenge is for workplaces to respond rapidly to new opportunities and changing circumstances. Innovative approaches must be found to enable Ireland's workplaces to combine the necessary flexibility and productivity with a high quality working environment for employees. This will require employers, employees, unions and other stakeholders to collaborate in bringing about sustainable change.

Chapter 3

Vision of the workplace of the future



Vision of the workplace of the future

This chapter sets out the Forum's vision of the workplace of the future, which has been developed in conjunction with its expert panels. This vision responds to the pressures identified in chapter 2, drawing on international research and on discussions with a wide range of stakeholders and experts in Ireland and abroad. It sets the benchmark for what needs to be achieved in Ireland's workplaces in the years ahead.


The characteristics which need to be developed in Ireland's workplaces are summarised in Table 3.1. These characteristics are based on emerging research in a number of interlocking areas, including: high-performance work systems; strategic human resource management; innovation studies; technology studies; analysis of the characteristics of knowledge work; and research relating to workplace partnership, employee voice and new forms of work organisation. The characteristics described here are interdependent. Each one contributes to strengthening the others, as well as having an important role to play in its own right. Success in developing these characteristics will equip Irish workplaces with a distinct competitive advantage in future years.

The chapter concludes by identifying strategic action areas that must be addressed in order to make the vision of the workplace of the future a reality.

TABLE 3.1 | Vision of the workplace of the future

Characteristics		Practices
All parts of the organisation and all employees are committed to the need for change and new ideas. Change is embraced willingly and all employees are constantly alert to opportunities for improvement and innovation.	Agile	Constant innovation in areas such as customer focus, learning, work organisation and management. Communication and dialogue with employees and investment in training to enable employees to absorb workplace change.
All decisions are informed primarily by a customer, client or citizen viewpoint, and all employees understand the impact of their work on the end-user of their organisation's product or service.	Customer centred	Positive approaches in areas such as fairness, equality, training, family-friendly practices and information and consultation have a significant impact on employee satisfaction and on employees' commitment to customer satisfaction.
The organisation and its people recognise that the knowledge content of all jobs is important to the organisation's performance and that the knowledge required for all jobs will change and adapt regardless of the nature of the work.	Knowledge intensive	Increasing scope for employee involvement, autonomy and input into decision-making. Internal relationships, formal and informal processes, and knowledge management systems which encourage employees to innovate and to share knowledge.
The organisation is alert to the needs and concerns of employees, and understands the importance of quality of working life for employees as individuals as well as for the overall well-being of the organisation.	Responsive to employee needs	Support for learning, access to opportunity and autonomy, work/life balance, health and safety and good quality employment opportunities.
The organisation and its people appreciate the need for external collaboration with business partners and suppliers, customers and research and educational institutions. The organisation is constantly alert to the possibilities associated with collaboration, networking and clustering of activities.	Networked	Cross-functional ways of working which establish opportunities for both formal and informal networking. Examples include shared service activities and public sector inter-agency working.
The organisation is structured around a high-performance ethos. High performance is actively encouraged and rewarded at all levels. There is a constant focus on opportunities for improvement and a bias towards implementation.	Highly productive	'Bundles' of practices which reinforce one another and which are customised to the particular requirements of the organisation. Practices include team-working, collaborative problem-solving, communication and sharing information, training and development, appraisal and feedback, and rewarding employees' contributions.
The organisation values and actively seeks involvement and participation by all employees. The culture, management systems and work processes are all designed to enable employees to become deeply involved in the search for sources of higher performance and innovation.	Involved and participatory	Culture of openness and employee involvement which encourages experimentation and innovation and builds employee satisfaction. New approaches to leadership and management and new management competencies to support forms of employee involvement and to build workplace partnerships, informal or formal.
Learning and experimentation are encouraged and there is an ongoing focus on training, skills and learning to increase the skill content in all work.	Continually learning	Informal and formal systematic processes of skills upgrading and continual learning centred on training plans, needs assessment, employee support and funding mechanisms.
The organisation understands the value of diversity in terms of business benefits and employee well-being. Diversity is approached as an integral part of the organisation's culture and management.	Proactively diverse	Equality and diversity linked to both the quality of employees' working life, and organisational performance in areas such as productivity, reduction in employee turnover, attracting and retaining high quality staff and organisational reputation.

3.1 The workplace of the future must be agile

 *Organisational agility in all sectors depends on leaders and managers being constantly alert to changes in both the external environment and their own organisations. Agility also depends on employees knowing what is going on in the organisation and having the scope to contribute to change and improvement.*

In today's dynamic environment, constant innovation is essential in areas such as customer-focus, learning, work organisation and management processes. Successful organisations will be those that can adapt their workplace practices, processes and arrangements to changing circumstances in innovative ways.

Organisational agility in all sectors depends on leaders and managers being constantly alert to changes in both the external environment and their own organisations. Agility also depends on employees knowing what is going on in the organisation and having the scope to contribute to change and improvement. Gaining the commitment and support of employees and managers for change is a critical issue and an area where many organisations encounter significant difficulties. Where unions are involved in the workplace, their active collaboration in change is a key requirement. Change works best where those affected are well informed and closely involved. Organisations need to develop collaborative workplace relationships with their employees in order to successfully implement essential change initiatives. The ability of employees to adapt to change depends on adequate investment in training, and this is particularly important in the case of less skilled workers.²⁸

The evidence received by the Forum highlights the critical importance of leadership in the context of the public and private sector workplace of the future. High calibre leadership that creates a vision and sense of purpose, generates support for that vision and inspires people to achieve, will be a key determinant of successful organisations of the future.²⁹ Organisational culture is critically influenced by people at the top. The challenge for organisations is to improve leadership capacity and develop influential leaders who inspire and promote a culture that builds staff motivation and commitment and enables people to contribute to the organisation to the best of their ability.

Good communication and open systems of employee consultation and engagement will be required to enable often difficult change to occur.
– Irish Management Institute submission to the Forum

²⁸ Arnal et al, *Knowledge, Work Organisation and Economic Growth, Labour Market and Social Policy Occasional Papers No. 50, OECD, 2001.*

²⁹ J.P. Kotter, *What Leaders Really Do, Harvard Business School Press, 1999.*

The essential role of communication and dialogue with employees in creating the conditions for adaptability and change within organisations has also been identified by the Forum.³⁰ There is much that can be done to improve communication in the workplace, ranging from coaching managers and supervisors in effective communication techniques, to employee feedback and suggestion schemes, employee attitude surveys, regular meetings between managers and staff, structured organisational communication systems and more formal consultation and participation mechanisms.³¹ Further, new approaches to work organisation which involve employees in problem-solving and enable them to participate in decisions — for example team working, flexible job design, flatter management hierarchies and project teams — appear to offer major scope for improving communication in the workplace by building dialogue into the way work is carried out.

New approaches to work organisation may also enable firms to add value to products and services in innovative ways, enabling them to move into less price-sensitive markets. There is a strong case, therefore, for introducing new forms of work organisation into more vulnerable sectors and enterprises.³²

While a good deal of attention has focused on numerical workforce flexibility, in terms of flexible workforce contracts, this is just one aspect of agility, and possibly not the most crucial. While clearly the use of short-term and temporary contracts can be beneficial, UK research on labour market flexibility has shown that the use of flexible contracts, lack of employer commitment to job security and low levels of training are negatively correlated with technological innovation in organisations.³³

Many of the organisations that contributed to the Forum are focusing primarily on improving their capacity for workplace change rather than flexible contracts. Efforts are being made to gain flexibility in areas such as multi-skilling, use of technology to redesign work and deliver services, new production methods, and more flexible work schedules. These types of organisational agility are viewed as a key response to changing environmental conditions.

³⁰ This evidence is summarised in *Information and Consultation: A Case Study Review of Current Practice*, National Centre for Partnership and Performance, 2004.

³¹ In this context, the EU Directive on Information and Consultation with its emphasis on strengthening dialogue and mutual trust is an important opportunity for Irish workplaces.

³² Totterdill, P. et al, *Partners at Work? A report to Europe's policy makers and social partners*. Brussels: European Commission, 2002.


³³ Michie, J. and Sheehan, M. (2003). "Labour Market Deregulation, Flexibility and Innovation", *Cambridge Journal of Economics*, 2003, 27, 123-143.

3.2 The workplace of the future must be customer-centred

Customer service has become a key driver of competitive advantage in the private sector. Organisations must inculcate a customer orientation in all facets of their operations. The objective is not simply to serve customers or citizens, but to anticipate customer needs and create positive customer experiences.³⁴

This drive to prioritise customer experiences is reflected in current practice. International investment decisions now regularly include an assessment of the ability of employees to provide world-class customer service. Responding to customer needs is also at the centre of change and performance improvement processes in the public service, requiring innovative approaches towards quality and service standards.

Achievement of excellent customer service is heavily dependent on front-line staff and on the organisational structures within which they work. Research in marketing, particularly in service industries, has emphasised the direct link between levels of employee empowerment, supportive organisational structures and levels of customer service.³⁵

 *Research in marketing, particularly in service industries, has emphasised the direct link between levels of employee empowerment, supportive organisational structures and levels of customer service.*

In customer-centric organisations, consideration of the customer is the first priority in every aspect of the business. Employees are encouraged to be proactive in dealing with customers. The objective is not simply to serve customers, but to anticipate customer needs and provide help and guidance.

Creating this type of customer focus depends on a progressive approach within the workplace in areas such as information and consultation, fairness, inclusion, flexible working arrangements and access to relevant training and education. Surveys show that such organisational practices correlate highly with staff satisfaction, commitment to customer satisfaction, quality, efficiency and innovation.

³⁴ Prahalad, C.K. (2004). *The Future of Strategy: Co-creation of Value*, IMI Killarney 2003.

³⁵ See for example "Satisfied People, Satisfied Customers", presentation to IBEC HR Summit 2004.

3.3 The workplace of the future must be knowledge-intensive

In the workplace of the future, the ability to harness and manage all sources of knowledge will be a critical capability. Workplace practices that actively manage and take full advantage of the skills, knowledge and creativity of employees will be as important as education and training to build skills.³⁶ Workplaces must be organised to work with knowledge in all its aspects.

Traditional approaches to work and organisation are ill-suited to creating an environment in which individual and organisational learning occurs and knowledge is fully exploited. Research into knowledge-intensive firms indicates that internal and external relationships play a key role in their success.³⁷ Building internal relationships requires organisations to implement employment practices that strengthen employee involvement and encourage employees to develop, use and share their knowledge. Building external relationships requires organisations to invest in networking and strategic alliances.

Knowledge management is becoming an essential feature of public services, and now ranks high on the agenda of governments in OECD countries. Public services are seeking to make better use of the knowledge at their disposal, interact more effectively with citizens and clients, and improve their policy development and service delivery. OECD research³⁸ indicates that knowledge management has become one of the top priorities for public service organisations because:

- Ageing of the public service workforce and faster staff turnover create new challenges for the preservation of institutional memory and training of new staff
- Increasingly knowledgeable citizens require governments to be abreast of innovations — yet this is becoming more difficult as new knowledge is produced more rapidly and by more differentiated actors
- Public policy goals have become more ambitious and complex than before, requiring the linking of knowledge from diverse sources.

 *OECD research indicates that knowledge management has become one of the top priorities for public service organisations.*



³⁶ See Taylor, R., *Skills and Innovation in Modern Workplaces, ESRC Future of Work Commentary Series*, Swindon: Economic and Social Research Council, 2003.

³⁷ Thompson, M., "Building Wealth through Relationships: The Role of Internal and External Relationships in the Knowledge-intensive Firm", research presented to the Forum, April, 2004.

³⁸ See OECD, *The Learning Government, Public Governance and Territorial Development Directorate paper*, March 2003.

There is emerging recognition that considerable competitive advantage can be gained in all sectors of the economy through applying knowledge to bring about innovation in products, processes and services. New approaches to work and organisation are one of the building blocks of product and process innovation. Research in management and human resources has provided insight into the specific organisational features that appear to be influential in this context. One of the largest-scale studies, carried out among 1,900 Danish firms³⁹ found two sets of practices to be associated with the development of new products/services:

- Human resource management and work practices, including interdisciplinary workgroups, quality circles, systems for collection of employee proposals, planned job rotation, delegation of responsibility, integration of functions and performance-related pay
- Employee training, both training provided within organisations and participation in external training.

This research has identified a series of important, mutually reinforcing practices. When implemented in a systematic way as a cluster, these practices are conducive to product and process innovation; used separately, they have relatively little impact.

Research in the UK among high-technology firms has found that the quality of relationships and job design (this includes issues like opportunity to start new projects, variety in work and autonomy in decision making) both have a direct effect on innovation.⁴⁰ This research also reinforces the importance of a systematic approach, in which bundles of such work practices are customised to suit the circumstances of particular organisations.

³⁹ Source: Laursen, K. and Foss, N.J., "New Human Resource Management Practices, Complementarities and the Impact on Innovation Performance", *Cambridge Journal of Economics*, 27, 2003.

⁴⁰ Thompson, M., "Building Wealth through Relationships: The Role of Internal and External Relationships in the Knowledge-intensive Firm", research presented to the Forum on the Workplace of the Future, April, 2004.

3.4 The workplace of the future must be responsive to employee needs

A good quality of working life will need to be a defining feature of the workplace of the future. The quality of employees' working life is influenced by a wide variety of factors, among the most important of which are:

- Health and well-being at work
- Opportunities to develop skills and competencies
- Career opportunities and employment security
- Information and opportunities for consultation
- Ability to achieve work/life balance
- An appropriate reward system
- Degree of autonomy and control over work.

High-performance workplaces can be designed to offer a good quality of working life to their employees. Analysis undertaken by the European Commission demonstrates a significant relationship between job quality and higher productivity. Factors found to be most influential include the incidence of and access to training, employment security and self-reported job satisfaction (including satisfaction with working time, working conditions and work content).⁴¹

It is essential to ensure that the factors underpinning quality in work apply to all workers. Access to training, career development and other quality elements such as working time flexibility are for many people key inducements to take up employment and remain in the labour market.

As the labour force becomes more diverse, flexible working arrangements are becoming an increasingly important aspect of quality of working life for many employees. Flexible arrangements are also important in enabling organisations to meet their operational needs in more efficient ways.

Many of the features that have been found to contribute to productivity and innovation also have the potential to bring significant benefits to employees. New work practices which result in better communication in the workplace, involvement in decision making, improved employer-employee relations, access to rewards for productivity, and increased flexibility, all offer the possibility of major improvements in the quality of working life. This is not to claim that these practices are inherently positive, and it is important to recognise that the way in which they are adapted to the workplace will determine the impact that they have on the organisation, and on the quality of working life experienced by the workers.

⁴¹ Totterdill, P. et al, *Partners at Work? A report to Europe's policy makers and social partners*. Brussels: European Commission, 2002.

3.5 The workplace of the future must be networked

Networks, both within and between organisations, are widely considered to be a critical driver of innovation. This is one of the reasons why progressive organisations are using cross-functional and cross-hierarchical teams, and establishing opportunities for both formal and informal networking. For example, public service organisations are placing an increasing emphasis on inter-agency and shared service activities to facilitate greater customer responsiveness and improved efficiencies.

The Danish research already mentioned found strong linkages to users or suppliers and to knowledge institutions (including technical support institutions, consultancies or universities) to be conducive to innovation. Team-working between organisations and their customers and suppliers is also becoming recognised as a factor in innovation, and can bring benefits not only for organisations but also for employees.

Clustering of similar or related knowledge-intensive industries within a given geographical area has been shown to deliver significant benefits in terms of building skills and knowledge. This confers an important competitive advantage and creates the potential for innovation and the growth of spin-off activities.⁴²

A study carried out for the European Commission⁴³ notes that external networking also involves frequent horizontal collaboration between employees at all levels within organisations and that this type of extended team-working can offer employees valuable scope for personal development and broader participation.

In short, the workplaces of the future will need to be networked not only internally via good communication systems and work organisation that breaks down internal barriers, but also through strong external networks.

⁴² Presentation to the Forum on the Workplace of the Future by Professor Mike Best, Director of the Anticipating Technology Trends project, University of Massachusetts Lowell. /Porter to go here.

⁴³ Totterdill, P. et al, *Partners at Work? A report to Europe's policy makers and social partners*. Brussels: European Commission, 2002.

3.6 The workplace of the future must be highly productive

Improving performance and gaining operating efficiencies continues to be a basic requirement for the viability and effectiveness of organisations. While essential, however, it is not sufficient in the challenging environment in which private enterprise and public services must now operate. Workplaces are increasingly required to benchmark their performance against the best internationally, and must continuously implement new practices which will sustain high levels of business performance.

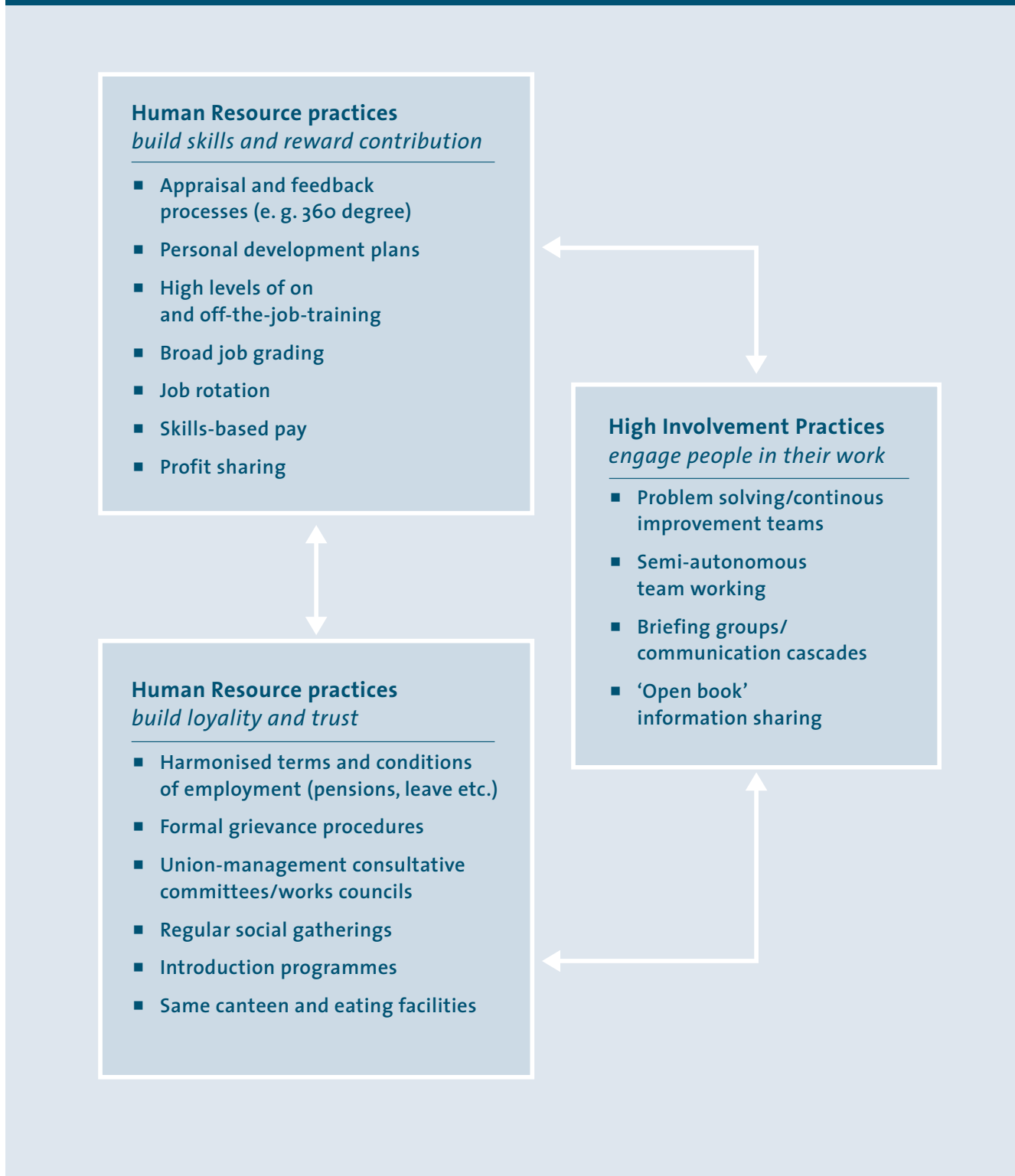
There is a growing body of international evidence on the features of high-performance organisations which points to the combined importance of work practices, the quality of employment relationships and human resource management practices.⁴⁴

Consequently, successful organisations are adopting workplace practices that involve a combination of:⁴⁵


- Engaging employees in their work – through team-working, problem-solving, communication and information sharing
- Building skills in a variety of ways – through personal development plans, high levels of on and off-the-job training, appraisal and feedback, broad job grading, job rotation
- Rewarding employees' contributions – for example through skills-based pay and employee financial involvement
- Building loyalty and trust – for example, through involvement and consultation, partnership arrangements, grievance procedures and harmonised terms of employment.

⁴⁴ This research is reviewed in Arnal et al, *Knowledge, Work Organisation and Economic Growth, Labour Market and Social Policy Occasional Papers No. 50*, OECD, 2001; Osterman, P. et al, *Working in America*, Massachusetts Institute of Technology, 2001; and *Achieving High Performance: The International Evidence, Forum on the Workplace of the Future, Research Series No. 1*, November 2003. This section of the report draws extensively on these sources.

⁴⁵ Thompson, M., "Building Wealth through Relationships: The role of internal and external relationships in the knowledge-intensive firm", presentation to the Forum on the Workplace of the Future, April, 2004.

FIGURE 3.1 | High performance work systems


Source: Marc Thompson, Forum on the Workplace Conference, April 2004.

 *There is compelling research evidence across a range of different industries and countries which points to a link between such 'bundles' of workplace practices and the bottom-line performance of organisations.*




Figure 3.1 provides one model — presented to the Forum — in which these work practices are co-ordinated to support high performance. There is compelling research evidence across a range of different industries and countries which points to a link between such 'bundles' of workplace practices and the bottom-line performance of organisations. Such practices can produce significant results in terms of higher productivity, financial performance, improved product quality and innovation but only when they are implemented in a systemic way as a bundle, and not separately.

The implementation of new work practices correlates strongly with two factors which have been found to contribute independently to productivity improvements in organisational training and financial incentives. First, organisations which successfully implement new work and human resource practices are more committed to training their workers and to using employee financial involvement schemes such as profit-sharing and employee share-ownership. Second, both training and financial incentives are considered to have a more significant effect in contexts where responsibility is delegated to workers and teams.⁴⁶

These findings are not confined to any one sector. The evidence considered by the Forum is drawn from high technology industries, traditional manufacturing, services and the public sector, and from unionised and non-unionised workplaces.

In particular, research conducted among 165 companies on behalf of the Forum⁴⁷ found very significant productivity improvements across a broad range of industries. The research measures work practices in four areas: staffing and recruitment practices; performance management and remuneration; training and development; and communication and participation. The usage of bundles of these practices is strongly linked with highly significant improvements in business performance. Notably, higher than average increases in the use of these practices is associated with significant productivity improvements, and higher revenue per employee. The results from this research will be published in greater detail as part of the Forum research series.⁴⁸

⁴⁶ See Arnal et al, *Knowledge, Work Organisation and Economic Growth, Labour Market and Social Policy Occasional Papers No. 50*, OECD, 2001.

⁴⁷ This research was carried out in the summer of 2004. Companies included subsidiaries of foreign organisations and Irish companies and were relatively large with median-sized company employing 234 people and €75million in annual sales.

⁴⁸ Forum on the Workplace of the Future (forthcoming), *High Performance Work Systems in Ireland*, Patrick Flood and James Guthrie.

3.7 The workplace of the future must be involved and participatory

The Forum's expert panels all placed considerable emphasis on the need to develop a culture of employee involvement within workplaces in order to encourage experimentation, innovation and learning. In such a culture, the management style is open and participative rather than hierarchical, the contribution of employees at all levels is valued, and new ideas are welcomed and rewarded. Developing this type of culture is likely to prove challenging for many organisations. It will require new approaches to organisation and people-management, new forms of leadership, and new management competencies.

Recent years have seen increasing adoption in many countries of practices that are designed to stimulate employee involvement and participation in the workplace. These practices may, for example, take such forms as employee voice and suggestion schemes, problem-solving groups, continuous improvement programmes, or informal partnership arrangements in which employees/employee representatives work with management to improve the organisation's performance. In some organisations such initiatives may be incorporated within a framework of formalised partnership arrangements/structures based on agreement between employees/unions and management.

Key findings from research into such practices are that:

- Employee involvement is associated with more extensive and more successful adoption of new work practices
- The greater the number of forms of employee involvement in an organisation, the greater the number of new work practices adopted
- One of the most important benefits of employee involvement and participation is to help create a climate of trust in the workplace by enabling closer contact between management and employees.⁴⁹

“Creating such shared understandings does not of course mean the removal of disagreements. However, the very process of forging agreements (and disagreements) in a climate of enhanced trust helps to enable everybody within the organisation to adopt a problem-solving orientation when tackling what appear at first to be apparently intractable differences.”

John Knell, Partnership at Work, Department of Trade and Industry, London, 1999

49 Knell, J., *Partnership at Work*, London: Department of Trade and Industry, Employment Research Series No. 7, 1999; NCPP, *Information and Consultation: A Case Study Review of Current Practice*, Dublin, 2004.

Employee involvement arrangements in the workplace can also facilitate change and innovation, and have been one of the important benefits of many partnership-style arrangements adopted in the Irish context. The success of partnership as an enabler of change depends on a number of factors, including the extent to which core issues relating to work and organisation can be dealt with in the partnership arena and the degree of real commitment which managers, employees and their representatives bring to the process.⁵⁰

3.8 The workplace of the future must be continually learning


Workplaces must have an emphasis on continual learning to meet business, customer and employee needs. Research into changing skill needs suggests that the workplace of the future will require a systematic process of skills upgrading linked to learning, innovation and productivity and a model of human capability based on an assertion that all workers have the potential to benefit from skills upgrading and lifelong learning.⁵¹ There is general agreement on the potential economic and social benefits that can accrue from effective lifelong learning approaches. However, the challenge is to get employers to see how lifelong learning can positively impact their business and to get individual employees to see the benefits in terms of their future development and employability.


For employers, improvements in productivity, innovation and access to business opportunities all depend closely on investment in ongoing training and learning. The rapidity of technological development, and the increasing sophistication and customisation of products and services, make investment in training essential. The quality of the workforce, and the ability to manage and take advantage of the skills and knowledge of their employees, are now key competitive factors.

For employees, skills and knowledge are now, more than ever, the currency of success in the labour market. While not all workers will be highly skilled, continuous updating of skills is becoming essential rather than optional. Opportunities to acquire skills in the workplace, and flexibility to engage in training and ongoing education outside of work, both play an important part in enabling workers to maintain their employability and improve their quality of working life. It is critical for equality of opportunity that learning and skills development are organised in ways that enable all workers to benefit. It is also important that employees invest time and other resources in ensuring

⁵⁰ Dundon, T. et al, *Organisational Change and Employee Information and Consultation*, CISC Working Paper No. 12. NUI Galway, 2003.

⁵¹ Brown, P., "Globalisation and the Political Economy of High Skills", *Journal of Education and Work*, 12:3, 1999.

 *The capacity for organisational learning, in which organisations adapt to changing conditions and engage in continuous improvement, is now considered as one of the keys to innovation and competitiveness.*



their skills are up to date. On the policy front, this calls for increased attention to issues relating to access and take-up of training and lifelong learning across all segments of the labour force. Individual funding schemes that have been piloted in the Netherlands, Sweden, Spain and the UK provide promising models for sharing training and learning costs in a flexible way among employees, employers and Government. These types of initiatives must be carefully designed, implemented and managed in co-operation with all stakeholders, to facilitate quality assurance and to avoid misuse. However, evidence suggests that they provide an effective mechanism to increase participation in training and to target specific skill and training needs.

Skill requirements are changing in ways that have important implications for the relationship between learning and work. In addition to technical skills, there is an increasing emphasis on the need for creative skills; expert knowledge; interpersonal skills required for teamwork, networking, and communication; and leadership skills. Many of these skills cannot be taught formally, but must be acquired on the job. To facilitate this, organisations must adopt more participative approaches to work and at the same time assist employees to develop the skills needed to work in new ways.

Workplace practices which enable organisations to take full advantage of the skills and knowledge of employees will be as important as education and training to build skills.⁵² This means that employers must adopt practices which enable and motivate employees to use and share their skills and knowledge. Hierarchy, narrow job design, and a highly functional approach to work all impede the development and sharing of knowledge in the workplace.


The capacity for organisational learning, in which organisations adapt to changing conditions and engage in continuous improvement, is now considered as one of the keys to innovation and competitiveness. Two essential aspects of organisational learning are individual learning and opportunities for knowledge and information to flow within and between organisations.⁵³ Both types of learning depend crucially on opportunities for interaction and questioning in workplaces. This underlines the need for organisations to assess their work processes and organisational culture from the perspective of opportunities for learning, questioning and exchange of information.⁵⁴

⁵² See Taylor, R., *Skills and Innovation in Modern Workplaces*, ESRC Future of Work Commentary Series, Swindon: Economic and Social Research Council, 2003.

⁵³ Tjepkema et al (eds.) *HRD and Learning Organisations in Europe*, 2002; Harrison, Rosemary, *Human Resource Development in a Knowledge Economy*, Palgrave, 2004.

⁵⁴ Heraty, N., *On the Architecture of Organisation-Led Learning*. Unpublished Ph.D. dissertation. University of Limerick, 2002.

3.9 The workplace of the future must be proactively diverse

 *The most successful organisations recognise that working with diversity brings significant advantages, while employers who fail to make full use of the diverse capabilities of their employees miss out on a key source of innovation and productivity.*

Diversity — in terms of gender, age, sexual orientation, cultural and ethnic background, religious belief, disability — and equality of opportunity in the workplace are vital for employees' quality of working life as well as for organisational performance. Promotion of equality and diversity builds competitive, high-performance workplaces, as outlined in the Equality Authority's submission to the Forum:

- A consistent finding of research on equality and diversity in the workplace is that benefits to organisations outweigh the costs of implementing policies
- Research into the impact of family-friendly policies identifies tangible benefits to employers in areas such as increased employee satisfaction and commitment, attracting and retaining staff, improving the reputation of the organisation, reduced employee turnover, reductions in absenteeism and increases in productivity and financial performance⁵⁵
- Research into diversity carried out for the British⁵⁶ and Australian⁵⁷ governments in public and private sector organisations concludes that equality and diversity contribute significantly to organisational performance.

The most successful organisations recognise that working with diversity brings significant advantages, while employers who fail to make full use of the diverse capabilities of their employees miss out on a key source of innovation and productivity. There is also an important customer dimension to diversity, in terms of organisational reputation, customer relationships and ensuring accessibility of services to all potential users.

Less hierarchical ways of working and increased employee involvement in decision-making have the potential to broaden equality of opportunity within the workplace and to make better use of the capabilities of all employees. They will not, however, produce this outcome unless the diversity and equality aspects are explicitly addressed. Providing adequate avenues for employee involvement and voice in the workplace is an increasingly important aspect of equality of opportunity as the workforce becomes more diverse.⁵⁸

⁵⁵ Analysis based on the British Workplace Employee Relations Survey and research carried out by the National Framework Committee for Family Friendly Policies, cited in the Equality Authority's submission to the Forum.

⁵⁶ Sarah Rutherford's and Sue Ollerearnshaw (2002), 'The Business of Diversity' London: Schneider-Ross.

⁵⁷ Nicholas, Stephen et al, *The Business Case for Diversity Management*, Department of Immigration and Multicultural Affairs in cooperation with the Australian Centre for International Business (2001) cited in the Equality Authority's submission to the Forum.

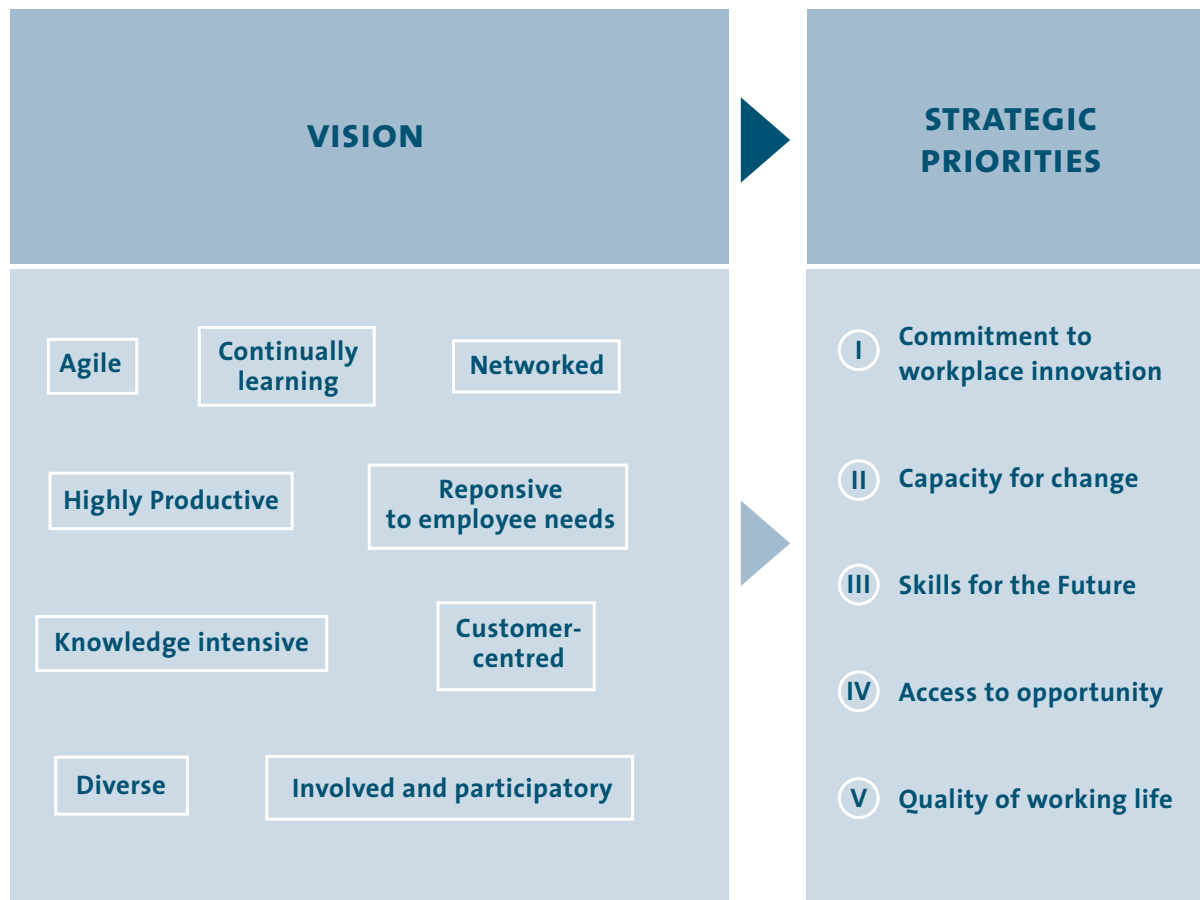
⁵⁸ See Wilkinson, A. et al, "Changing Patterns of Employee Voice: Studies from the UK and Republic of Ireland", *The Journal of Industrial Relations*, 46:3, 2004.

3.10 Conclusions: Making the vision a reality

Based on extensive consultation and research both nationally and internationally the Forum has articulated a vision for Ireland's workplaces that, if achieved, will position the workplace as a key driver of national enterprise strategy. This vision brings into focus the features and characteristics of a workplace that will sustain competitiveness, deliver high-quality public services, and actively promote social inclusion.

A critical challenge identified by the Forum is how to make this vision a reality. This Chapter concludes by identifying five strategic action areas linked to the nine characteristics contained in the vision (Table 3.1, page 26). These five areas will provide a benchmark for future activities at national and organisational level. Chapter 4 assess the Irish workplace in relation to each of these five areas.

FIGURE 3.2 | Building workplaces for the future



The Forum identified five concerns that cut across all the characteristics of the vision for the Workplace of the Future.

- Firstly, every characteristic in the vision demands that a new priority is attached to workplace innovation and change. What happens within the workplace will increasingly drive business performance and determine the quality of individuals' lives. Therefore, the first strategic priority identified by the Forum is adoption by all stakeholders – employers, managers, employees, unions, and the policy and supports community – of an explicit **commitment to workplace innovation**.
- Secondly, every aspect of the vision depends on the internal capacity of organisations and individuals to change. For example, within the vision, characteristics such as being customer-centred, highly productive and diverse all clearly require an ability and capacity to manage change effectively. The second priority for the Forum is, therefore, adoption of the measures required to improve, in a very practical sense, the **capacity for change** of employers, managers, employees and unions.
- Thirdly, all of the characteristics in the vision are heavily influenced by the **development of skills**. Skills and how they will be developed and utilised in the workplace of the future will affect the ability of organisations to achieve the vision outlined by the Forum. For example, the manifest need to remain knowledge-intensive, and to continually ensure that customers' needs are anticipated and fulfilled, means that employees skills will, in turn, have to evolve and develop as technology and customer expectations change.
- Fourthly, there is a clear imperative to maximise **access to opportunity**. The vision is built upon a fundamental commitment to further harness all potential sources of value. Ensuring that access to opportunity in the workplace is expanded will have a positive impact on each of the nine characteristics embodied in the Forum's vision.
- Finally, there is a need to ensure that each element of this vision is supported and sustained by a commitment to improving and developing the **quality of working life**. This is not just about responding to employees needs. It is also about improving access to training and to learning and improving autonomy and employee involvement. All of these practices have been shown to improve individual experiences within the workplace as well as increasing business performance.

Chapter 4

Irish workplaces: An assessment

Irish workplaces: An assessment

Chapter 3 set out a vision for Ireland's workplaces based on nine interlocking characteristics which have consistently been identified by the Forum as being essential to the achievement of Ireland's competitive and social vision, the success of companies, the quality of public services and the well-being of all employees.

This chapter assesses the five strategic areas for action that underpin this vision. It shows that there is evidence of significant change and that there are also areas in which improvement will have to take place. The chapter assesses five strategic priorities for the Irish workplace:

- Commitment to workplace innovation
- Capacity for change
- Developing future skills
- Access to opportunities
- Quality of working life.


It draws on a range of data sources to provide a comprehensive assessment of Irish workplaces:


- Three comprehensive national surveys, covering employees, private sector employers and public sector employers, conducted jointly by the ESRI and NCPP
- Submissions and oral presentations to the Forum from a range of organisations and individuals
- Six major conferences dealing with aspects of workplace change
- Extensive consultation with the Forum's expert panels
- Advice from national and international experts.

Appendix D provides a detailed compendium of supporting statistics on Irish workplaces.

4.1 Workplace innovation in Ireland

Employers and employees are keenly aware of the need for change and innovation in the workplace.

 *Two-thirds of companies felt training and development of staff was important in responding to external pressures, and over half of them felt that involving employees in decision-making and problem-solving was important.*



- In the **private** sector, the majority of companies see quality, customisation and innovation as essential responses to competitive pressures. While cost control remains essential, most companies do not view cost reduction alone as a viable solution to the increasingly complex set of pressures that they are facing. Relatively few companies indicated that they are responding to cost pressures simply by reducing employee numbers or restructuring the company.
- In the **public service**, continuing pressure to improve services, along with national and sectoral reform initiatives, is driving change. There is a high level of agreement across all public service organisations on the need for continuous reform, with innovation, the introduction of new ideas in relation to technology, and the organisation of work, all seen as being particularly important.
- Not surprisingly, given the emphasis on quality, innovation and customers, **employers** regard progressive employment practices as important in addressing pressures. Thus:
 - According to the Forum's surveys of employers, two-thirds of companies felt training and development of staff was important in responding to external pressures, and over half of them felt that involving employees in decision-making and problem-solving was important
 - A separate survey carried out by the Irish Business and Employers Confederation (IBEC) indicates that companies are focusing to an increasing degree on strategic human resource management, and see scope to secure improvement in areas such as enterprise partnership, flexible benefits, and diversity and work/life balance.⁵⁹

- **Public service employers** also see employment and human resource management practices as the key to improved performance. Very high proportions indicated that they are focusing on achieving improvements through the use of new technology, the implementation of organisational performance measurement, working on an inter-departmental basis, and involving employees in decision-making and problem-solving. Meeting employees' need for work/life balance is also a major area of focus, as is partnership with employees and their representatives in securing organisational change in the public service.

However, organisational structures and institutional arrangements are identified in the public service employers survey as significant barriers to change. Specifically, barriers to change included:


- The hierarchical and bureaucratic nature of public services
- The centralised nature of resource allocation and human resource systems
- The ability and experience of management
- The willingness to change among managers and employees.

The survey also found that the larger the organisation the greater the barriers in addressing pressures. Given the predominance of large organisations across the public service it has obvious implications for the effectiveness of responses to change.

- **Employees** in all sectors are experiencing significant change in their jobs. Substantial proportions of those responding to the Forum's survey report that their levels of responsibility, work pressure, skill demands and decision-making have all increased. In contrast, the survey indicates that employees continue to enjoy high levels of job security, with very few indicating that their job security had decreased in recent years.

While there appears to be a strong appreciation of the need for change in the workplace, the diffusion of new employment practices across workplaces remains uneven. The Forum's survey of private sector employers examined practices in four key areas (Table 4.1).

There appears to be quite extensive experimentation with some types of new work practices, particularly in larger companies. Many of the companies surveyed indicated that they are involving their employees in decision-making and problem solving, developing their staff and implementing employee-oriented policies. By contrast, the adoption of some of the new forms of work organisation which have been found to be associated with high performance and productivity improvements — team working, multi-tasking, employee financial involvement — remains more limited, as does the use of explicit partnership arrangements. This suggests that the number of organisations adopting comprehensive 'bundles' of new work practices is still quite low, and that there is significant scope to expand the use of proactive strategies to harness employee capabilities and enable innovation, particularly in smaller companies.

 *There is significant scope to expand the use of proactive strategies to harness employee capabilities and enable innovation.*




TABLE 4.1 | Percentage of private sector companies implementing employment practices

Employment practices	All companies %	Companies employing 50+ %
Employee involvement/participation at work		
▪ Employee discretion in the way their work is carried out	70.0	56.3
▪ Arrangements for direct involvement of employees in decision-making and problem-solving	62.4	64.7
▪ Information and consultation with employees on change in the company	61.5	74.1
▪ New work practices such as team working/multi-tasking/quality circles	20.8	39.2
▪ Informal partnership-style arrangements between management and employee representatives	19.3	42.4
▪ Formal partnership arrangement involving unions and employees	4.3	29.1
Employee-oriented practices		
▪ Employee financial involvement	14.4	32.7
▪ Explicit policy on equality/diversity in the workplace	41.4	61.1
▪ Arrangements for work/life balance for employees	40.5	45.7
▪ Annualised hours customised to the needs of management and employees	30.3	26.4
▪ Formal dispute resolution procedures	30.0	69.5
Staff development practices		
▪ Training and development for managers	51.7	84.4
▪ Training and development for employees	41.4	93.6
▪ Formal staff performance review	30.0	69.8
Flexible employment practices		
▪ Use of part-time staff	59.6	77.0
▪ Use of temporary/contract staff	35.4	63.6
▪ Temporary layoffs/reduced working time when necessary	21.8	35.6

Source: ESRI/ NCPP (2004). *The Changing Workplace - A Survey of Employers*.

In the public service, organisational practices such as performance management, team working, and more flexible recruitment and pay practices, are still at an embryonic stage in many organisations, and these will require more flexible and strategic approaches to human resource management if they are to develop. Recent reviews in key areas such as health and education, and ongoing shortfalls in service provision across a range of public services, point up the need to accelerate the rate of progress with the workplace modernisation agenda. Table 4.2 shows the importance public service employers attach to various employment practices, such as information and consultation with staff, new working practices and human resource policies. Most of these areas are expected to increase in importance over the next three years.

An interesting feature of the public sector survey is the extent to which managers perceive that employment practices will change in importance over a three-year period.⁶¹ Improving information flows, team working and partnership training will all increase marginally in their importance over the next three years. However, a number of areas will become significantly more important to the public service. These include:

- Allowing individuals more discretion in their work
- Arrangements for direct involvement
- Meeting employees needs for work/life balance
- Performance related pay
- Open recruitment
- Use of contract or temporary staff.

This suggests that managers will continue to prioritise the role of people in the public service. It suggests a greater openness to employee input, employee needs and the measurement and reward of performance. It also indicates that managers see the need for greater openness in recruitment and contractual arrangements. For example, two thirds of managers believe that open recruitment at all grades is important or very important. When asked about their priorities for the future a higher percentage (75%) indicated that open recruitment will become important or very important over the following three years.

⁶¹ In the private sector survey this type of question was not used in relation to specific employment practices. It was applied in relation to broad business priorities. However, there was very little change other than a small (5%) increase in the relative importance of staff involvement in decision making and staff training.

TABLE 4.2 | Public service employment practices: Very important response to current pressure


Employment practices	%
Employee involvement/participation at work	
▪ Employee discretion in the way their work is carried out	14
▪ Arrangements for direct involvement of employees in decision-making and problem-solving	28
▪ Information and consultation with employees on change in the company	46
▪ New work practices such as team working/multi-tasking/quality circles	23
▪ Informal partnership-style arrangements between management and employee representatives	40
▪ Formal partnership arrangement involving unions and employees	40
Employee-oriented practices	
▪ Explicit policy on equality/diversity in the workplace	35
▪ Meeting employees needs for work/life balance	29
Staff development practices	
▪ Training and development for managers	66
▪ Training and development for employees	71
▪ Performance related pay — increment related to annual review of performance	16
Flexible employment practices	
▪ Open recruitment — all grades	19
▪ Use of contract or temporary staff	6
▪ Freedom to adjust employee numbers	29

Source: ESRI/ NCPP (2004). *The Changing Workplace – A Survey of Employers.*

4.2 Capacity for change

Irish workplaces benefit from high levels of employee commitment and willingness to accept certain types of change at work. The Forum's surveys indicate that employees generally are willing to accept increased responsibility, increased use of technology and increased skill requirements in their jobs. They are, however, much less willing to accept changes resulting in unsocial hours, increased pressure, or closer supervision at work.

There is much that organisations can do to manage workplace change in a positive way and to gain the support of employees for change. The critical factors here appear to be:

 *Employees who report higher levels of consultation regarding decisions affecting their work are much more likely to be willing to accept change.*

- Consulting and informing employees about decisions that affect their work
- Paying attention to the views of employees
- Implementing workplace practices that increase employee satisfaction.

The Forum's surveys found that employees who report higher levels of consultation regarding decisions affecting their work are much more likely to be willing to accept change. It also found that participatory work practices and good communication in the workplace increase employee satisfaction and willingness to embrace change.

Communication and consultation

The need to improve communication and consultation in the workplace emerged as a key area of concern in the Forum. Despite the evident focus by many employers on this area,⁶¹ substantial numbers of employees reported to the Forum's survey that they 'hardly ever' receive information from management in key areas relating to organisational performance and change in the workplace (Figure 4.1 and Figure 4.2).

Substantial proportions of employees also indicate lack of prior consultation on major decisions regarding their work, with only a quarter reporting that they are almost always consulted and over a quarter saying that they are rarely consulted.

In the light of these findings, there is an evident need for employers to review the effectiveness of their communication and consultation practices. The EU Directive on Information and Consultation which will be implemented in Ireland in 2005 has the potential to act as a catalyst for improvement in this area.

⁶¹ An IBEC survey undertaken in June 2004, based on a sample of 397 companies, reported that 80 per cent of companies had communication and consultation arrangements in place, up from 75 per cent in 2002.

Figure 4.1 Per cent of private sector employees 'hardly ever' receiving information from management in 6 areas of work

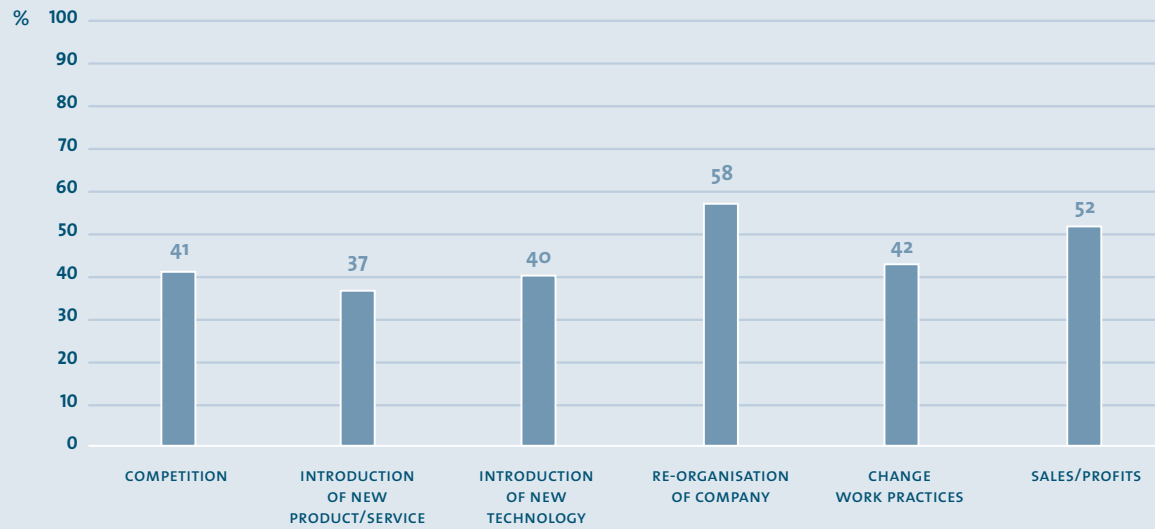
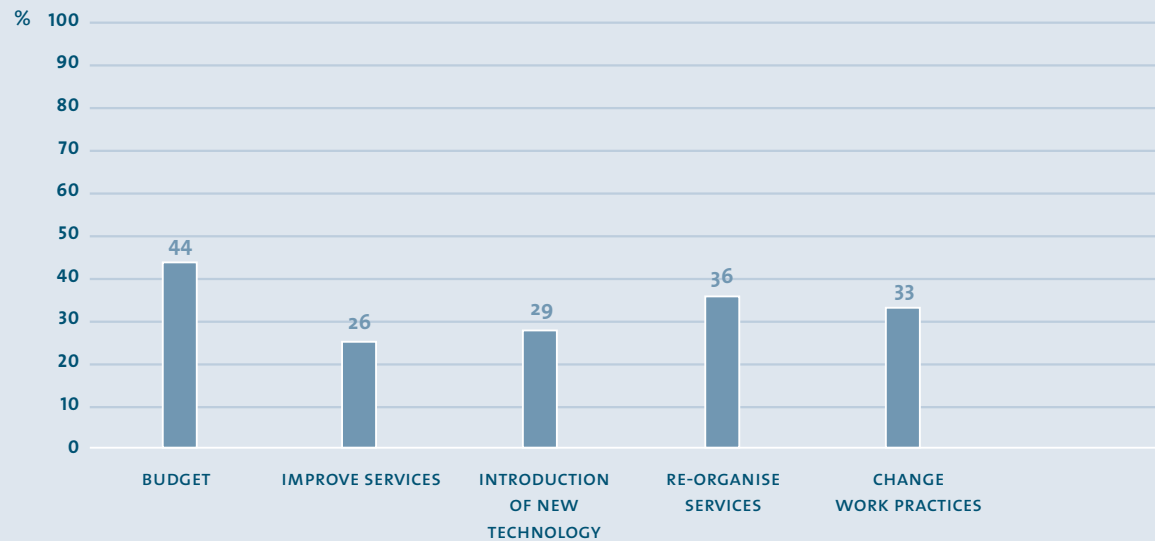




Figure 4.2 Per cent of public service employees 'hardly ever' receiving information from management in 5 areas of work



 *Substantial numbers of employees reported to the Forum's survey that they 'hardly ever' receive information from management in key areas relating to organisational performance and change in the workplace.*



4.2.1 Participation and involvement

Opportunities to exercise discretion have a significant effect on the willingness of employees to accept change. There is a wide range of formal and informal partnership-style arrangements available to organisations to stimulate the proactive and ongoing engagement of their employees. For example, organisations may seek to foster employee involvement and participation through the adoption of initiatives such as continuous improvement programmes; participative work design; employee voice and suggestion schemes; team-based working and problem-solving groups; and employee financial involvement. Such progressive initiatives may be incorporated within the framework of a formalised partnership agreement between unions and management or they may be based on more informal arrangements.

Although the Forum's employer surveys suggest that a growing number of organisations are implementing practices aimed at increasing employee participation and involvement, more systematic efforts are needed in this area:

- Well over a third of employees across the public and private sectors (39 per cent) reported to the Forum's survey that they work in organisations in which there are no participation arrangements, no formal partnership institutions and low levels of consultation.
- Employees also appear to have limited autonomy and control over their work, in spite of indications that they are willing to accept greater levels of responsibility. The survey found that around half of employees feel they have some level of discretion in how they carry out their work, while just 27 per cent feel they have a high degree of autonomy. Employees in less skilled jobs and those with lower levels of education consistently report less autonomy.

There is substantial research evidence that employee financial involvement schemes can be an effective mechanism for involving employees in gaining operational efficiencies and improving organisational performance, particularly when implemented in parallel with other forms of employee involvement.⁶² However, the Forum's survey found that employee financial involvement is not widely used in Irish workplaces. Only one in seven companies overall appear to have provisions in place, although the rate is much higher in larger companies (one in three), as shown in Table 4.1. Five broad categories of financial involvement are currently used in Ireland:

- Profit-sharing
- Save-as-you-earn
- Share option schemes
- Employee share ownership plans
- Gainsharing.

⁶² See, for example, OECD, "Profit Sharing in OECD Countries", *Employment Outlook*, Paris: July 1995.

While the Revenue Commissioners have approved schemes in the first four categories, there is currently no Revenue approval for gainsharing. Operational concerns and perceived barriers to all forms of employee financial involvement (EFI) must be identified through research and consultation. Gainsharing is one of a number of areas that should be examined in this context, as EFI has been shown to be a powerful basis for improving organisational performance.⁶³

Significant work was undertaken on the issue of gainsharing by a Consultative Committee, established under the Programme for Prosperity and Fairness. However, it has proved very difficult to develop firm proposals. The Department of Finance has accepted that there may well be merit in encouraging gainsharing and, despite practical difficulties in designing such schemes, is prepared to examine any viable options which may be developed in the future.

4.2.2 Quality of leadership and management


Many of the practices examined in this chapter are directly affected by the quality of leadership and management. For example, communication, employee involvement and the development of people depend to a significant degree on how management view people and their role within the organisation. Therefore, the quality of leadership and management in Irish workplaces will be critical in enabling workplaces to involve their employees more effectively and to improve their capacity to manage change.

Research by the Irish Management Institute⁶⁴ shows that managers in both the private and public sectors identify their priority learning needs as follows:

- Managing change
- Motivating and empowering staff
- Leadership and effectiveness
- Communication and influencing skills.


Smaller organisations are likely to face particular difficulties in making the necessary investments in training and development of their managers to deal with change. While they may enjoy a degree of flexibility in making changes due to their smaller scale, they typically find it difficult to channel sufficient resources into training and development.

Standards of human resource management (HRM) in Irish workplaces have improved significantly in recent years as employers have come to a better understanding of the strategic role of HRM. The level of professionalism and capability within the HRM profession has also risen. Significant efforts are needed to bring HRM up to best-practice standards across all sectors, particularly in smaller organisations, and to encourage the systematic adoption of the sets of interlocking high performance practices discussed in Chapter 3.

 *The Forum's survey found that employee financial involvement is not widely used in Irish workplaces. Only one in seven companies overall appear to have provisions in place, although the rate is much higher in larger companies.*

⁶³ Bowey, A. (2000). *Gainsharing – A Review. In Strategic Reward System. Edited by Thorpe and Homan, Prentice Hall, 2000.*

⁶⁴ *Irish Management Institute submission to the Forum, based on research carried out by the Institute's Centre for Management Research in 2003.*

 *Employees expect their unions to be proactive in co-operating with management to improve the performance of their organisations.*

4.2.3 Role of unions and workplace relations

Unions can play a key role in bringing about a more positive approach to managing change, both in terms of how they engage with management in individual workplaces and in broader partnership and industrial relations arenas. In organisations in which there was a union or staff association the majority of employees surveyed by the Forum are satisfied with their unions. Among members, 62 per cent believe that unions are good at representing their interests. Interestingly, 53 per cent of non-members also believe that their interests are well represented by unions.

Nonetheless, employees expect change. Employees expect their unions to be proactive in co-operating with management to improve the performance of their organisations. They also want unions to participate actively in decisions about the future of the organisation. These issues were cited as a priority by between 85 per cent and 90 per cent of employees surveyed who are union members. Employees also want their unions to expand the scope of their concerns beyond the traditional areas of pay and conditions, to encompass key areas such as flexible working conditions and work-related training.

Collaborative workplace relations are critical if Irish workplaces are to improve their capacity for change. An important feature of employment relations in Ireland is that it encompasses a range of models. Unionised and non-unionised models co-exist across the economy, and sometimes even within the same organisation. There has been significant experimentation with new approaches aimed at achieving greater collaboration between employers, employees and their representatives.⁶⁵

4.2.4 The role of dispute resolution mechanisms

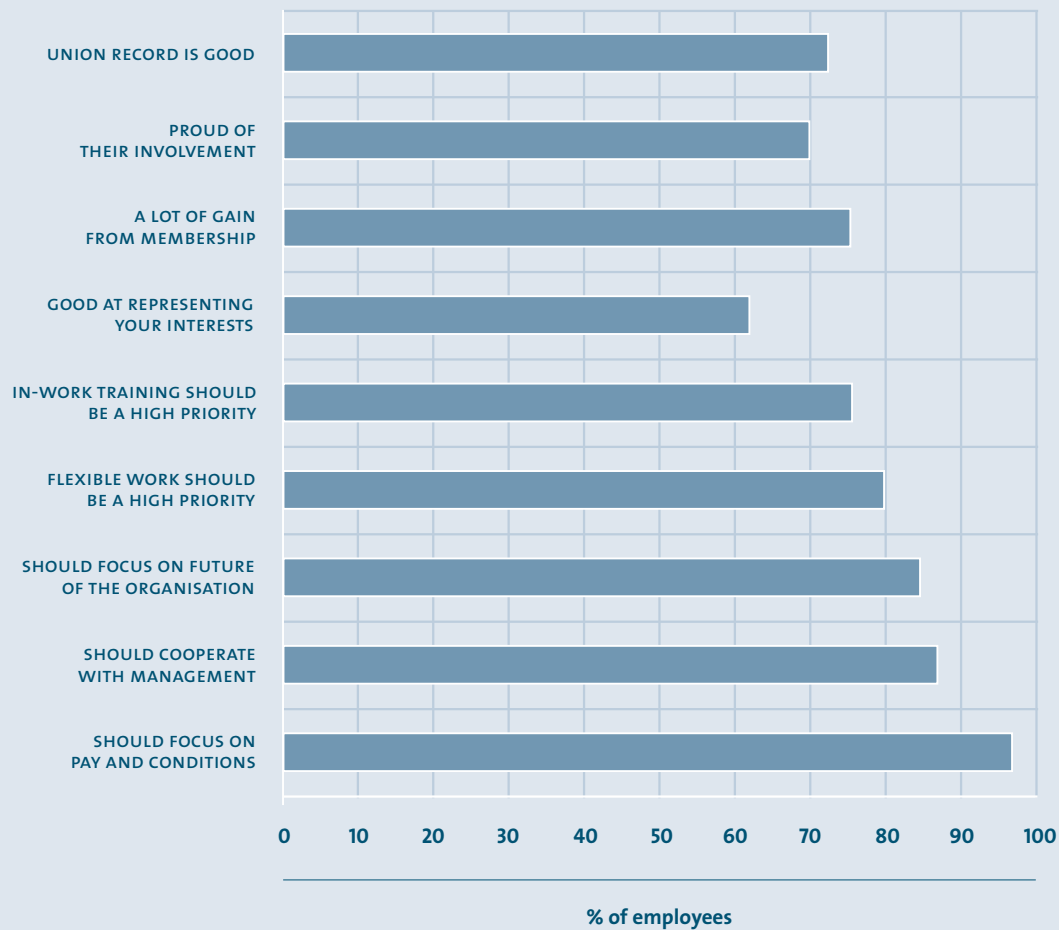
The capacity to resolve workplace disputes effectively affects the quality of the working environment and has a significant impact on organisational performance in terms of reducing days lost, enhancing productivity and improving management-employee relations. Trust, fairness and co-operation are key intangible assets in fostering the development of flexible and productive workplaces with the capacity to manage change.⁶⁶ In a working environment characterised by high levels of recurring disputes and grievances these organisational assets will tend to be absent.⁶⁷ It is important that organisations develop an employment relations culture and associated procedures aimed at avoiding the escalation of grievances into workplace disputes. Where disputes do arise, organisations should have in place agreed procedures to resolve them in an efficient and equitable manner.

⁶⁵ McCartney, J, Teague, P, *The Use of Workplace Innovations in Ireland: A Review of the Evidence*. Personnel Review, Emerald Group Publishing Ltd. Vol. 33 No. 1, 2004.

⁶⁶ *Proceedings of Workplace of Future Forum, 5th February 2004; see also Teague, P, Towards Flexible Workplace Governance: Employment Rights, Dispute Resolution and Social Partnership in the Irish Republic, Trinity Paper in Public Policy, Dublin, 2004.*

⁶⁷ *Ibid.*

Figure 4.3 | How trade union members evaluate their unions



Source: ESRI/ NCPP (2004). *The Changing Workplace - A Survey of Employees*.

Public policy also has an important role to play in encouraging more effective dispute resolution and/or avoidance. Ireland has a comprehensive set of institutional mechanisms for the resolution of employment disputes and grievances that now encompasses six different statutory bodies. The securing of relative industrial peace since the early 1990s is in part a testimony to the effectiveness of the various public agencies for dispute resolution, and it is evident that they have retained the confidence and support of the majority of companies, employees and trade unions. However, the gradual emergence of a more complex legislative environment, and a degree of institutional overlap between different agencies, are raising concerns regarding the coherence, effectiveness and complexity of the current system.

The workload of the various agencies has increased significantly in recent times, due in part to the growth in the number of employees pursuing complaints about their individual employment rights. This reflects both the increased scope of employment legislation and the increasing diversity of the workforce.

The operational remit of key bodies such as the Labour Relations Commission and the Labour Court has traditionally prioritised conflict resolution over a proactive focus on promoting organisational change and innovation. As a result, the current system can in some instances inadvertently reinforce adversarial behaviour. However, there is also evidence of a greater recourse to alternative dispute resolution procedures.⁶⁸

4.3 Skills for the future

The need to invest in skills development and lifelong learning to meet future skill needs was highlighted to the Forum by many groups. This is not just a question of producing highly skilled workers, essential as this is. Skills strategies must also address a variety of other important needs. Less highly skilled activities will remain a sizeable element of our economy for the foreseeable future. But it is also important to ensure that workers who want to make the transition from less skilled to more highly skilled work have the opportunity to do so. The needs of workers with narrow skill sets in shrinking areas of the economy, such as traditional manufacturing, must be addressed as a matter of priority.

The Expert Group on Future Skill Needs projects a shortfall in skilled workers across a range of areas from ICT and science and technology to construction, a shortfall that will have to be met in large part by up-skilling the existing workforce, greater participation by women and other groups and attracting skilled non-national workers.⁶⁹

4.3.1 Lifelong learning

If Ireland is to develop as one of the leaders in the international knowledge economy then lifelong learning will have to be improved.

- Ireland performs poorly by international standards in terms of participation in lifelong learning, ranking 8th out of the EU 15 and well behind the leading countries. In particular, Irish respondents scored badly in relation


⁶⁸ Labour Relations Commission, "New Developments in Employment Dispute Resolution", Background Paper to the Labour Relations Commission's Symposium, 12th November, Dublin, 2004.

⁶⁹ Fourth Annual Report of the Expert Group on Future Skill Needs, October 2003.

⁷⁰ Euro Barometer/ Cedefop Survey 2003. Lifelong Learning: Citizens' Views.

to learning languages and the proportion of employees involved in training in the previous year.⁷⁰

- Approximately 30 per cent of the current Irish workforce has not obtained a Leaving Certificate qualification and approximately 17 per cent of secondary school students do not complete the Leaving Certificate.⁷¹
- Ireland was ranked only 7th in the EU in 2002 in terms of the proportion of the working age population classified as highly skilled and 9th in terms of the proportion of 20-24 year-olds with at least upper second-level qualifications (83.5 per cent).⁷²
- In 2001, Ireland ranked 15th out of 30 OECD countries in terms of the proportion of those aged 25-64 holding degree-level qualifications (14 per cent) and 12th out of 30 for the 25-34 age group (20 per cent).⁷³

 *The gradual emergence of a more complex legislative environment, and a degree of institutional overlap between different agencies, are raising concerns regarding the coherence, effectiveness and complexity of the current system.*

Significant barriers exist to lifelong learning, in areas such as delivery methods, funding and access, as highlighted in the report of the Taskforce on Lifelong Learning.⁷⁴ However, lifelong learning is an area in which significant gains may accrue if real progress is achieved. The same problems confront policy makers and practitioners across all OECD countries insofar as they have been unable to significantly improve the participation rates in training and learning across the workforce as a whole.⁷⁵ This suggests that considerable early mover advantage is available for countries which can begin to develop practical solutions in relation to lifelong learning.

4.3.2 Training employees

The high rate of implementation of staff training and development practices reported by employers (Table 4.1) indicates that they see this as a priority.⁷⁶ Nonetheless, the Forum's survey of employees suggests that a significant proportion of employees are not receiving regular training and that there are significant variations in participation:

- 48 per cent of employees report participation in employer-sponsored training in the past two years
- Training is more likely among more educated employees, higher social classes, younger employees and those on permanent contracts.

These findings point to the need to improve access to training for particular groups who are likely to be among the most vulnerable as work becomes more knowledge intensive — the less skilled, less well educated, older workers and those with a weaker attachment to the permanent labour force.

⁷¹ CSO, *Census 2002, Education and Qualifications*, 2004.

⁷² *Employment in Europe 2003*, European Commission, 2003.

⁷³ OECD, *Education at a Glance*, 2003.

⁷⁴ *Report of the Taskforce on Lifelong Learning*, Department of Enterprise, Trade and Employment, 2003.

⁷⁵ OECD, *Employment Outlook 2003, Chapter 5 Upgrading workers' skills and competencies*.

⁷⁶ Research carried out by IBEC suggests that companies, regardless of size, spend on average 3 per cent of their payroll on training and that many companies also support employees to pursue outside education.

Employees in large organisations are more likely to receive training than those in small organisations, according to the Forum's survey. In companies with 1–4 employees, 30 per cent of employees report that they received training in the previous two years. Among companies employing more than 100 this rises to over 60 per cent.⁷⁷ Smaller companies tend to experience more difficulty in providing training for their staff for a variety of reasons. Research⁷⁸ indicates that the greatest barriers for small employers are disruption to business caused by staff taking time off for training, and cost. Another problem experienced by many small businesses is finding suitable training and learning opportunities for their staff, a factor which may be related to their reduced purchasing power compared to larger companies.

In craft areas, welcome advances have been made in recent years in the area of apprenticeship. The National Apprenticeship Advisory Committee (NAAC) continues to work hard to ensure the quality and relevance of such learning. The move from time-based to modular apprenticeship systems, and the high pass thresholds required at each modular stage have helped to improve the quality of apprenticeships' training. The challenge for the future is to ensure the relevance of this learning to the requirements of business. An additional major challenge is to develop pathways between vocational and professional learning, in the context of the National Qualifications Framework. Individuals who undertake apprenticeships should be facilitated to build on their qualifications within the further education framework.

In addition, Irish employers and training agencies should encourage more women to participate in apprenticeship programmes. Initiatives in this area will need to focus as much on culture and workplace practices in industries with low proportions of female employees as on areas such as career counselling in schools and targeted apprenticeship schemes.

4.3.3 Building regional skill sets

Close collaboration between industry and the third-level education sector will be critical for anticipating future skill needs and responding with agility. One approach outlined to the Forum is a Massachusetts-based project to anticipate regional technology trends and develop appropriate skill sets to meet the projected labour force requirements of industry.⁷⁹ This approach offers the opportunity to develop a comparative skills advantage by building skill sets within regions, based on the presence of clusters of companies in related industries. The basic building block of this approach is to develop a detailed database of how jobs and skill requirements within individual companies in the region are changing and to use this as a basis for joint industry-university initiatives in relation to curriculum development, research and outreach programmes.

⁷⁷ O'Connell, P.J. 2004. *Who generally trains?* ESRI Seminar paper, May 2004.

⁷⁸ Survey undertaken by MBRI on behalf of the Small Firms Association and Skillnets, *Small Firms: Survey of Current Training Experience within SMEs*, 2002; Survey by the Chambers of Commerce of Ireland, *Labour force 2000*, Dublin, 2000.

⁷⁹ Presentation to the Forum on the Workplace of the Future by Professor Mike Best, Director of the Anticipating Technology Trends project at the University of Massachusetts Lowell, June 2004.

4.4 Access to opportunities in the workplace

Expanding opportunities in the workplace will be critical for meeting the future needs of the Irish economy and for ensuring equality at work. Encouraging participation in work, ensuring that all employees have access to choices and opportunities, and enabling organisations to benefit from diversity in the workplace, are all key concerns in this context. The Forum assessed the overall approach to equality and diversity across Irish workplaces as well as issues relating to particular groups.

Competition, rather than mere compliance, is becoming a key driver for the adoption of diversity and equality policies in workplaces. Diversity is an increasingly important instrument for attracting and retaining talented employees and, managed well, can be a significant source of competitive advantage. Equality legislation has also had a significant effect on policy and practice in workplaces, while social partnership has been an important channel for co-operative approaches to equality and diversity, resulting in a number of employer-union initiatives in areas such as racism, employment of people with disabilities and family-friendly workplaces.

More employers are adopting explicit policies on equal opportunities in the workplace. The great majority of employees surveyed by the Forum reported that they were aware of the existence of such a policy in their workplace. However, while the figures are encouraging, there are significant variations across different sectors of the economy and among organisations of different sizes. Fewer employees in smaller organisations, and in the construction and hotel and restaurant industries, reported the existence of an explicit policy.

4.4.1 Women in the workplace

Opportunities for women in the workplace continue to be constrained by a variety of factors and, while significant progress has been made in recent years, inequality is proving difficult to eradicate. Women are still heavily concentrated in a small number of occupations which tend, on average, to have lower pay and lower status. There remains a significant pay gap between men and women, with women earning, on average, 82.5 per cent of men's income for the same hours of work.⁸⁰ Women are also concentrated at lower levels in the occupational hierarchy, and are very much under-represented in management positions.

These patterns lead to a range of other disadvantages. The Forum's survey of employees indicates that women tend to receive less training than men, have less discretion over their work, receive less information in the workplace, and have high levels of work stress.

⁸⁰ CSO, *Women and Men in Ireland 2004*, Dublin: 2004.

▶ *There is a serious under-utilisation of women's high standards of education and skills.*

At a time when there is growing concern about meeting future needs for higher skills in the Irish economy, there is a serious under-utilisation of women's high standards of education and skills. Workforce participation rates for women with third-level education lag well behind those for men: in 2000 the employment rate of highly educated women was 13 per cent below that for men, compared to a gap of under 5 per cent in the Scandinavian countries and under 10 per cent in the UK, France and a number of other EU countries.⁸¹

Provision of childcare is a key factor for women's participation in work, and access and affordability in this area remains one of the biggest barriers to women's participation. Ireland stands out as one of the EU countries where having one or more children under the age of 15 has a very significant dampening effect on women's employment rates.⁸² A recent study of public and publicly funded childcare systems in Europe, which evaluated the degree to which each national system supports employment by parents, ranked Ireland bottom of the fifteen countries evaluated (Table 4 3). At the same time, the cost to parents of childcare is the highest in Europe. Irish parents pay on average 20 per cent of their annual income towards childcare, which is almost twice the EU average of 12 per cent.⁸³

Ireland also fares poorly by comparative standards in terms of pre-school education. Because of lack of provision in this area, many children, particularly those from lower income families, are not getting an essential start in education. This has implications for the education of the future workforce as well as for the choices available to parents of young children regarding participation in work.

In 1999, the Expert Working Group on Childcare established under the social partnership process estimated a shortfall in childcare places of 40,000 by 2010, noting that if the proportion of women working and the proportion working full-time increases, then the demand for childcare places is likely to be even higher.⁸⁴ Recent estimates by the ESRI suggest that the shortfall may be even more acute.

Pressure to improve provision of childcare and pre-school education is also likely to increase over the next decade, due to yet another demographic factor. In recent times a high proportion of Irish women have deferred childbirth until their early thirties.⁸⁵ By 2013, the population cohort aged in their thirties will have increased by 150,000.⁸⁶ It seems likely that this will further accentuate the need for adequate childcare provision.

⁸¹ OECD, *Employment Outlook, Paris, 2002.*

⁸² *Ibid* and CSO, *Women and Men in Ireland 2004, Dublin, 2004.*

⁸³ NESC (2005). *Ireland and the Lisbon Process — Case Study on Childcare. Working Draft.*

⁸⁴ *National Childcare Strategy, Report of the Partnership 2000, Expert Working Group on Childcare, Dublin: 1999.*

⁸⁵ *The evidence is contained in the relatively high average age — 28.2 years — of women at birth of first child in Ireland.*

⁸⁶ John Fitzgerald, ESRI, *Presentation to Labour Relations Commission conference, November 2004.*

Table 4.3 Ranking of EU 15 according to how supportive their childcare system is of the dual-earner model

Country	Score
Denmark	88.45
Sweden	78.86
Finland	56.69
France	51.3
Belgium	48.1
Luxembourg	43.09
Germany	39.76
Austria	36.5
Italy	35.66
Netherlands	34.63
United Kingdom	33.63
Portugal	23.13
Greece	19.47
Spain	18.37
Ireland	5.64

Source: The Rationale of Motherhood Choices: Influence of Employment Conditions and Public Policies (MOCHO) project.⁸⁷

4.4.2 Expanding opportunities for other groups

Older workers

Ireland is relatively well positioned in terms of participation by older workers compared to other EU countries, with 47 per cent of those aged 55-64 still in employment, compared to an EU average of 39 per cent. It is important to take advantage of this. Increasing life expectancy, improvements in the health status of older people and the gradual ageing of the population, all suggest that it will be desirable to expand workforce participation and training rates among older age groups.

⁸⁷ Funded under the Improving Human Research Potential and the Socio-economic Knowledge Base of the Fifth Framework Programme of the European Commission (2001 - 2004). See also De Hanau, J. et al, "The relative generosity of the EU countries' childcare systems", *European Review of Labour and Research*, 10:1, 2004.

Lone parents

Lone parent families now make up approximately 16 per cent of families in Ireland. There are high poverty rates among lone parents, associated in large part with poor attachment rates to the labour market. Less than half of lone parents are in employment, and most of these work part time, relying on social welfare benefits to supplement their income. Lone parents face a range of barriers to employment, including difficulty in accessing affordable childcare, lack of access to family-friendly working arrangements and low educational attainment.

People with disabilities

More disabled people are accessing the workplace than formerly. However, large numbers of disabled people remain outside the workforce or are working but under-employed, despite a capacity and a desire to work. People with a disability are almost twice as likely to be without a job compared to other members of the community. Just over 37 per cent of people aged 15-64 with disabilities are in employment, compared with an overall rate of 64 per cent in the same age category.⁸⁸ Access to education is a key issue, as very few people with disabilities go on to third-level education. Other barriers to greater participation in the workplace include inflexible definitions of job requirements, attitudes of employers and co-workers, poor adaptation of workplaces to the needs of disabled workers, inadequate training provision and difficulties with transport.

Non-national workers

As non-national workers are now an essential and growing part of Ireland's workforce, it is critical that Ireland's labour market management strategy caters effectively for the needs of such employees. In particular, issues around the recognition of professional qualifications, and the provision of information on employment rights, need to be reviewed on an ongoing basis.

Current legislative proposals to develop a more responsive and robust economic immigration policy that meets labour market shortages in key occupations and sectors will be an important policy development in this regard.

Socio-economic inequality

Socio-economic inequality is also reflected in unequal opportunities in the workplace. For example, rates of early school leaving correlate closely with socio-economic status, with children from less privileged groups being most at risk. Members of the Traveller community remain largely outside mainstream employment and their participation in post-primary education and training is low.

⁸⁸ CSO, *Quarterly National Household Survey, 2004*.

4.4.3 An opportunities divide

Despite evident progress, there remain significant areas of inequality in the workplace and barriers to employment opportunities that must be removed. The Forum's survey of employees suggests that there is an 'opportunities divide' in Irish workplaces. Workers who have higher levels of educational attainment and who hold more senior positions in the organisation, are afforded greater opportunities in respect of the following:

 Ireland is relatively well positioned in terms of participation by older workers compared to other EU countries, with 47 per cent of those aged 55-64 still in employment, compared to an EU average of 39 per cent.

- Training received
- Information received
- Consultation
- Discretion and autonomy at work
- Participation and involvement.

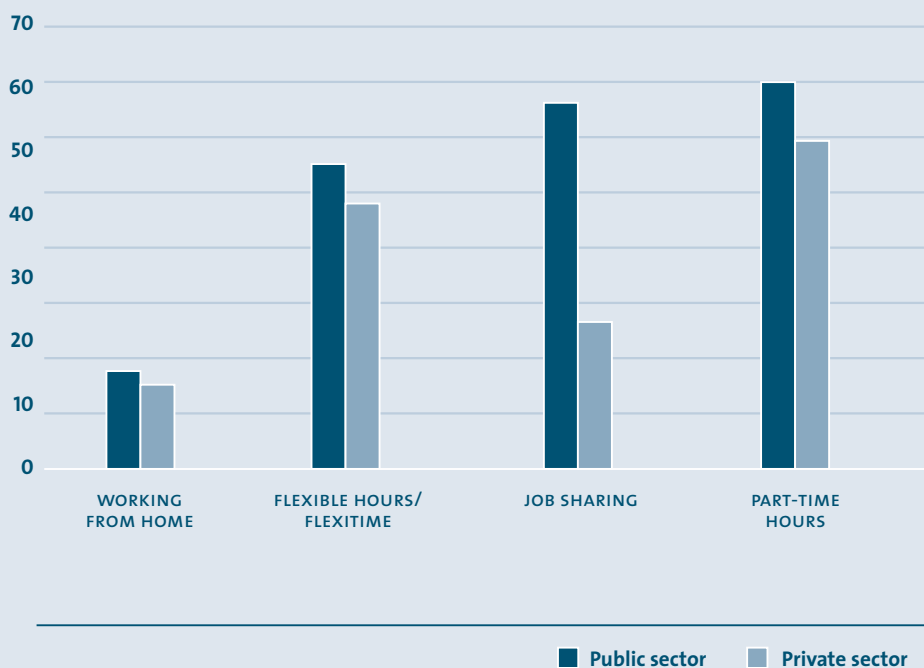
For example, the survey findings show that 61 per cent of workers with higher levels of education and socio-economic status had received training in the previous two years, which was twice the level of that received by lower skilled workers (31 per cent). Those workers with higher levels of education also report greater levels of job satisfaction and work commitment. Women, because they are less represented at management level, tend to figure disproportionately among the employees who record less favourable experience in these areas. This "opportunities divide" must be addressed in order to ensure that all workers are afforded adequate opportunities in respect of training and development, and participation and involvement in the workplace.

4.5 Quality of working life

The Forum's survey of employees found significant levels of work pressure, with over half of all employees indicating that they experience some measure of work pressure and a significant minority reporting that they find work to be stressful. Difficulty in balancing work with family life was found to be a key contributor to employee stress.

Factors which were found to reduce stress and increase employee satisfaction include giving employees more control over their day-to-day working lives, consultation and sharing information. Flexible working arrangements and family-friendly practices were also found to have a positive impact on employees' experience of work.


Figure 4.4 Provision of flexible work practices in Ireland



Source: ESRI/ NCPP (2004). *The Changing Workplace – A Survey of Employers*.

Within the workplace a number of practices were associated with increasing stress levels. These included the provision of information without meaningful consultation, lack of autonomy and control and higher levels of organisational change. Performance reviews and working from home were also associated with higher stress levels.

An increasing proportion of Irish workplaces are developing flexible practices in response to the changing needs of both employers and employees (Figure 4.4). The needs of business and public service organisations for quick, high-quality and specialised responses to customer and market demands within a global economy have led to the emergence of a growing demand for flexibility in staffing and structures. Longer opening hours, 24-hour production lines, working across international time zones, and other such developments, all require more varied working time patterns.

 *In contrast to developments in many other countries, there does not appear to have been any significant expansion in less secure forms of employment in Ireland.*

In parallel, many organisations are responding to the changing needs of employees. Employees are seeking significantly more flexibility as the workforce becomes more diverse and an increasing proportion of workers have to manage work and caring responsibilities. A recent study found that half of the surveyed companies experienced an increase in demand from staff between 2002 and 2004 for more flexible working arrangements.⁸⁹ This study reports that both the incidence and usage of work/life balance initiatives and family-friendly practices is increasing, and that the primary objective is to improve staff retention, morale and commitment.

Public services, also, are experiencing a demand for more flexible working arrangements, both from customers seeking more flexible services and longer opening hours and from staff seeking more family-friendly arrangements. Flexible working arrangements are now widely available in the public service.

In contrast to developments in many other countries, there does not appear to have been any significant expansion in less secure forms of employment in Ireland. The numbers working on fixed-term contracts have actually fallen in recent years and, while it is difficult to get accurate data on the numbers involved in temporary agency work, this appears to be a very minor proportion of total employment.

The challenge for workplaces is to manage these developments in ways that respond to the needs of employers, employees and customers. More varied forms of work can expand the range of options open to employees, while simultaneously meeting employers' needs for greater flexibility in managing their staffing requirements and meeting customer needs. However, if not approached within an overall context of diversity management, they can also be associated with greater insecurity and generally poorer quality of employment, particularly with regard to pay, occupational benefits and access to training.

A cause for concern is that employees who avail of flexible work arrangements may be disadvantaged in some important respects. For example, the Forum's survey found that part-time and temporary workers tend to receive less information from managers, are less likely to be involved in some form of workplace participation, and receive less employer-sponsored training than their full-time, permanent counterparts. Further, these disadvantages are experienced by more women than men, given that women represent almost 75 per cent of part-time workers.

While developments in the area of flexible working arrangements are encouraging, further development is needed to respond to the needs of a more diverse workforce and to facilitate the maximum contribution by all staff. Work/life balance initiatives in organisations will be important in attracting talent, retaining key staff and building capabilities for competitiveness.

⁸⁹ IBEC, HRM Survey, 2004.

Submissions to the Forum

A high trust environment where employees are treated as stakeholders will deliver worker commitment and make enterprises more dynamic and efficient.... Congress believes that in most cases workers and their unions will not only readily accept change but are prepared to be change advocates and leaders, provided employee's interests are seen to be taken into account.

– ICTU

Looking at the future structure of the Irish population, work/life balance will be the biggest issue in 10 years' time. WLB policies need to be promoted within an overall context of diversity management, so as not to stigmatise or adversely affect the careers of those who take up flexible arrangements. Equally, the benefits of family-friendly policies to employers need to be promoted.

– IBEC

Workplaces can only respond effectively to the changing needs and preferences of workers if they are aware of such changing needs and preferences. Quite simply, therefore, employers must listen to employees. In our experience this does not always happen. Communication and consultation tend to be weak in many organisations and many employees have no opportunity to express their views and/or concerns and have them considered.

– Labour Relations Commission

There is widespread agreement that the Irish construction sector is capable of a much higher level of achievement, if it could unleash its full innovative potential this will require substantial and systematic changes in its culture and structure and a range of innovations in business processes as well as technologies and products.

– Construction Industry Federation

We believe that a more enlightened and participative style of management, with an emphasis on delegation and empowerment of front line staff, needs to be fostered and supported. Managers need to motivate and develop their people by involving them in planning and decision-making and by providing them with opportunities to undertake more challenging work.

– Health Service Employers' Agency

Investment in management capability is essential in order to build a management population which is adaptable, flexible, innovative and responsive to change.

– Irish Management Institute

Organisations that have effectively met and continue to meet the evolving work/life balance needs of all their staff will have moved beyond simply introducing policies and programmes. They will have effected widespread cultural change and reorganisation of work. This process will occur over a period of years rather than months and usually as a result of targeted actions taken by those within the organisation.

– EQUAL Community Initiative

4.6 Conclusions

Whilst there is an evident appreciation of the need for workplace change and innovation among employers, and evidence that some significant changes are already occurring, there remain substantial gaps in actual practice. Significant improvements in internal capabilities are needed in workplaces in all parts of the economy. The evidence reviewed by the Forum points to the need to stimulate workplace innovation across all sectors of the economy in a focused way that is linked to national innovation and enterprise priorities.

The key gaps identified by the Forum are as follows:

- The adoption by organisations of comprehensive ‘bundles’ of work practices which have been shown to be associated with high performance and innovation appears to be quite limited. Consequently, many organisations are missing out on the benefits associated with systematic workplace change. Smaller organisations and public services are particularly weak in this area.
- There is underutilisation of the workforce as a result of insufficient employee involvement and participation in the workplace, uneven investment in workplace training and lifelong learning, and continuing inequality affecting women.
- Many workplaces are missing out on opportunities to improve their capacity for change by failing to communicate and consult effectively with their employees, and because they are not involving their employees sufficiently in issues connected with organisational performance and workplace change.
- Rapid action is needed to close the gaps in skills which have been identified here and elsewhere, and to build the skill sets needed for the coming years. Participation in lifelong learning remains a serious area of weakness. In addition, there are concerns about uneven access to workplace training, particularly for less skilled workers and older workers.
- There is a persistent opportunities divide in the workplace with social class, level of educational attainment and gender associated with important differences in relation to key aspects of day-to-day work, as well as access to opportunities for training and development at work.
- Women still experience barriers to exercising greater choice with regard to participation in the workforce, primarily due to inadequate access to affordable and flexible childcare, and their situation remains unequal in key areas such as pay and employment in managerial roles. Single parents and people with disabilities also face significant disadvantages.
- Finally, in relation to quality of working life, there is scope to address issues of employee satisfaction and stress levels more effectively.

In light of the challenges and opportunities that Ireland now faces, and in recognition of the central role of workplace innovation in meeting these challenges, the Forum considers that a national workplace strategy is urgently required.

Chapter 5

A National Workplace Strategy



A National Workplace Strategy

The Forum recognises that in order to accelerate the pace of workplace change and close the gaps identified in Chapter 4, a co-ordinated approach to workplace development will be necessary. This chapter details the key findings of the Forum, and presents an integrated package of policy recommendations. The findings are organised around five questions that the Forum views as central to the development of new workplace models:

- How to stimulate greater **commitment to workplace innovation** throughout the economy?
- How to build greater **capacity for change** in workplaces?
- How to **develop the future skills** that are needed?
- How to expand **access to opportunities** in the workplace?
- How to enhance the **quality of working** life of all workers?

The recommendations presented here are viewed by the Forum as comprising a new National Workplace Strategy. This report concludes by proposing a template for the implementation of this National Strategy.

5.1 Workplace innovation

A concerted effort is needed to develop awareness and understanding of the benefits of new workplace models and to encourage the spread of progressive employment and human resource management practices.

Key Findings

- **Private sector companies**, particularly larger companies, are experimenting quite extensively with new workplace practices. However, only a minority of companies appear to be using high performance work practices in the ‘bundled’ synergistic way that delivers most benefit.
- **Smaller companies** face a range of difficulties in relation to workplace innovation, particularly in relation to investment in training, accommodation of flexible work practices and human resource management capabilities.

- **Public service workplaces** are responding positively to the need for change, with service quality and people management increasingly at the centre of the change and improvement agenda. However, in order to provide a basis for systemic change, further significant progress is needed in relation to the Management Information Framework, ICT and eGovernment initiatives, modernisation of human resource management, expansion of performance management techniques, and continuation of external performance verification processes.
- Employees are becoming more aware of the importance of lifelong learning and ongoing personal and career development. However, individuals must become more proactive in ensuring that their skills are updated to meet the challenges of the workplace of the future. The development and support of individual learning plans could encourage such a proactive approach to learning by employees.
- Unions have an equally important role to play in supporting change and encouraging workplace innovation, particularly in terms of engaging with employers in collaborative efforts, a development which their members appear to favour.

5.1.1 Benchmarking against best practice

There is a clear need for diagnostic benchmarking tools which will assist employers to identify their current level of workplace innovation compared to national and international best-practice benchmarks. Building the research-based case for workplace innovation remains important. Specifically:

- More research is needed into the impact of workplace practices on productivity, innovation and corporate capacity for change.
- There is also a need for a more focused data infrastructure for the workplace as a means of supporting benchmarking and assessing progress on a regular basis.
- Performance in the public service must continue to be benchmarked and independently assessed against clearly defined output standards.

5.1.2 Networking

Networking is critical for promoting the spread of workplace innovation. The existing rather weak framework of networking clearly needs to be enhanced, with a focus on dissemination of good practice and know-how within and across sectors. Specifically:

- Enterprise-led initiatives must play a key role, by establishing and developing networks and communities of practice that focus on how companies can achieve required levels of innovation and overcome barriers to workplace change.
- Within the public service, more extensive use should be made of formal and informal cross-agency and inter-departmental networks on issues of workplace change and workplace innovation. This will enhance knowledge management and support the development of expertise and best practice.
- There is a need to establish closer linkages between public agencies and practitioner and expert networks — in areas like HR and knowledge management — in order to provide additional capacity for the public policy system. Such linkages must be promoted as an integral part of the work of public agencies.

5.1.3 Linkage to a national system of innovation

Workplace innovation must be incorporated into a national system of innovation, with explicit structures and linkages established between the spheres of R&D, non-technological innovation, institutional development and workplace change. In order to achieve this:

- Workplace innovation needs to be incorporated more explicitly into existing public policy initiatives aimed at supporting R&D.
- There is a need to strengthen linkages between companies, public agencies, research institutions and education in all areas relating to the workplace and workplace innovation.

Workplace innovation: Recommendations

- 1 Workplace innovation and the range of practices identified in this report — management and leadership capacity, employee involvement, training and lifelong learning, equality and diversity and quality of working life — must be promoted and disseminated widely across the private and public sector as key strategic responses to the economic and social challenges facing Ireland. (Departments of the Taoiseach, Finance, Enterprise, Trade and Employment, Justice, Equality and Law Reform and relevant agencies incl. NCPP, Social Partners) [ONGOING]
- 2 A three-year dedicated fund should be established under the aegis of the Council of the NCPP to promote innovation and research in human resource development, organisational change and lifelong learning at enterprise level. Public support for such activity would be conditional on the learning and experience from such initiatives being shared with other organisations and the policy community.
- 3 There should be more explicit recognition of workplace innovation in State funding awards for research and development in science, technology and marketing. (Forfás, IDA, Enterprise Ireland, Science Foundation Ireland) [IMMEDIATE]
- 4 Indicators and benchmarks which compare and illustrate the performance of Irish organisations with international best practice — across the range of practices identified in this report — should be produced to support and mainstream workplace innovation (NCPP, Forfás, NESDO) [END-2006]
- 5 In the context of talks on a successor agreement to *Sustaining Progress* and a further benchmarking process, greater attention should be paid to performance management, knowledge management, value for money, improved customer service, and further devolution of the human resource management function in the public sector. (Departments of the Taoiseach, Finance and relevant Government Departments and agencies) [IMMEDIATE]
- 6 The National Statistics Board strategy for the development of the Irish Statistical System offers the potential to provide a consolidated and coordinated framework of workplace related information. The CSO (in conjunction with relevant departments and agencies) should, building on work that is already underway, bring forward proposals for integrated workplace data collection and presentation. (CSO) [END-2005]
- 7 Workplace surveys, similar to those carried out on behalf of the Forum, should be carried out every four years. (NCPP) [END-2007]
- 8 Enterprise-led networks and public service networks must be encouraged to increase their focus on workplace innovation. The promotion of effective tools, or standards such as Excellence Through People, represents practical ways to create an innovation focus at the workplace level. (Social Partners, Business and public service networks, Enterprise Ireland, FÁS, Skillnets, NCPP) [ONGOING]

5.2 Capacity for change

The Forum considers that significant improvements in the capacity for change in workplaces can be secured through:

- Improving the ability of managers to lead and manage change
- Greater levels of engagement with employees
- More effective dispute resolution processes.

5.2.1 Capacity for change — Leadership and management

The development of competencies — in particular in relation to change management, networking and people management — is needed to shift management culture away from top-down, hierarchical approaches towards the more participative style which underpins new workplace models. Management development must be combined with the adoption of progressive employment and human resource management practices within organisations, so that managers are equipped with the tools to bring about sustainable change.

Key Findings

Continued efforts are needed to encourage the spread of best practice in employment and human resource management across workplaces in all sectors.

- Business and public service management agencies should take the lead role in this arena for their respective sectors.
- National agencies responsible for enterprise, business schools, and the relevant professional bodies should also collaborate in this effort.

Small firms, young companies and indigenous firms are likely to require particular support in developing their managers. Smaller companies are likely to require some form of financial support or incentive to enable them to invest in this area.

More proactive and creative leadership styles must be encouraged and developed in the public service and a results-based culture must be inculcated at all levels.

- The capacity for Human Resource Management in the public service must be enhanced in order to provide more effective support for organisational change. This process needs to be more informed by national and international best practice in private and public service organisations.

- Public services and private sector organisations will benefit from higher levels of mutual interaction in relation to management and leadership development.
- Public services will benefit from the further opening up of recruitment and mobility at senior positions.

5.2.2 Capacity for change — Employee engagement

Despite evidence that employee involvement and participation can transform organisations, driving productivity and innovation and creating a capability for change, many Irish workplaces are missing out on this key source of competitive advantage. Too few workplaces across the private and public sectors are introducing the types of high involvement human resource management practices, and related forms of work organisation, that have been shown to deliver significant gains for both employers and employees.

In this context, the improvement of information flows and consultation in workplaces must be accorded a high priority. Effective communication is essential to harnessing the collective and individual knowledge and expertise of employees, and in focusing the efforts of managers and employees at all levels on key organisational priorities and building support for organisational change.

Key Findings

Information and consultation processes in many organisations in both the private and public sectors appear not to be functioning effectively, judging by the results of the Forum's survey of employees. A shift in attitudes on the part of employers, employees and employee representatives will be required in many workplaces to build the trust that underpins effective communication. In particular:

- The European Employee Information and Consultation Directive offers a valuable opportunity to Irish workplaces.
- Legislation for this Directive, in addition to providing a general framework of basic rights, should function as a catalyst for attention on the need to improve organisational culture and current practice.
- Individual organisations, irrespective of their size, need to work with their managers and employees to build an open climate of information and consultation, underpinned by robust organisational structures and processes.
- Employer and employee representative bodies, along with the National Centre for Partnership and Performance (NCP), need to work in a concerted way to encourage the development of effective communication and consultation processes.

- The social partners and relevant state agencies must proactively embrace the spirit of the Directive and use it to develop their processes of employee engagement and dialogue.


5.2.3 Capacity for change — Involvement and participation

The capacity of partnership-style arrangements between employees and employers to lead to more positive workplace relations in all organisational settings has been emphasised in this report.

The case for employee involvement and participation practices must be articulated, championed and embraced by all the relevant stakeholders — state bodies and agencies, the social partners, individual organisations and trade unions. It is essential that further progress be made, on a voluntary basis, in this area in both the private and public sectors.

Key findings

- ICTU and IBEC need to become stronger champions of partnership-style arrangements with a renewed focus on the principles and practice of effective workplace partnership.
- Public agencies, such as the NCPP and the LRC, in collaboration with the social partners, need to intensify their efforts to promote partnership approaches in workplaces.
- The understanding of partnership-style approaches must be broadened and the development of such approaches encouraged. Employers must examine their approaches to work organisation and workplace practices in terms of scope for employees to be involved in problem-solving and decision-making.
- Consideration should be given to establishing a programme to provide technical and resource support targeted at organisations undertaking projects to develop an innovative partnership-style approach to managing change.
- More organisations must be encouraged to develop some form of employee financial involvement, and remaining operational barriers to such involvement must be removed, particularly in relation to gainsharing.
- Reviews of partnership in the public service suggest that there is significant scope to improve its effectiveness, by more fully integrating partnership approaches into other organisational change processes.
- Individual workplaces need to foster an industrial relations climate that supports union representatives in proactively engaging with employers in workplace innovation projects.

 *This public dispute resolution architecture however is experiencing an increasing workload driven by a number of interrelated developments.*

- Joint problem-solving should be promoted as part of a concerted effort to move away from a reliance on traditional adversarial modes of workplace bargaining. In unionised workplaces, employees, employers and unions need to move away from adversarial industrial relations approaches towards more collaborative approaches. Unions must accept a share of responsibility for organisational change.
- Training and development in workplace partnership for managers, employees and local union officials needs to be designed in a manner that equips participants with the capacity to manage change and to develop an understanding of the objectives of the enterprise.
- There is a need to foster an industrial relations climate that supports union representatives in proactively engaging with employers in workplace innovation projects.

5.2.4 Capacity for change — Dispute resolution and avoidance

Ireland enjoys a relatively stable employment relations' environment, exemplified by the historically low levels of both days lost due to industrial action and actual disputes over the last decade. The securing of relative industrial peace since the early 1990s is in part a testimony to the effectiveness of the various public agencies for dispute resolution. This public dispute resolution architecture however is experiencing an increasing workload driven by a number of interrelated developments. Firstly, the expansion of employment legislation since the mid-1990s has resulted in an exponential growth in the number of cases concerned with the vindication of individual employment rights. Secondly, the resolution of employment-related grievances have become increasingly litigious in nature. Thirdly, there is the growing complexity of the legislative and associated institutional regime. Finally, individual and collective recourse to the services of the dispute resolution agencies has been extended, particularly in the context of the public service.

Key findings

- The Forum supports the recent initiatives to strengthen the Advisory Service Division of the Labour Relations Commission. This has the potential to encourage a shift in institutional emphasis away from an overt focus on resolving adversarial industrial relations disputes per se towards dispute avoidance and joint-problem solving at the enterprise level.
- There is a recognised need to make the dispute resolution system more coherent and simpler to use, and to remove overlap between different agencies. The report of the Employment Rights Review Group on the Role and Functions of the Employment Rights Bodies has been a positive development, and has prompted extensive interaction on how best to:
 - Improve customer service
 - Put in place a coherent adjudication process
 - Simplify and harmonise the corpus of employment rights legislation.
- It is vital that the capacity of the public dispute resolution infrastructure to resolve employment-related grievances fairly and expeditiously should not only be maintained but also augmented.
- The relevant public agencies and the social partners should continue to experiment with alternative dispute resolution (ADR) mechanisms and services focused on joint problem solving, mediation and informal approaches as a means of enhancing the effectiveness of the current system. These approaches could be developed in addition to the existing range of services provided by the dispute resolution agencies.
- The scope for more effective dispute avoidance arrangements and joint problem-solving approaches to contribute to more productive, co-operative and better quality working relationships needs to be more fully exploited. Its potential for enhancing organisational capacity for change management also needs to be recognised.
- There is potential to learn from organisations that have adopted progressive and innovative approaches for resolving and/or avoiding employment related grievances. Collaboration between agencies such as the NCPP and the Labour Relations Commission (LRC), in conjunction with employer bodies and existing networks of HR practitioners, could help to promote such learning and encourage policy transfer across a broad range of organisations.

There must be an increased emphasis on resolving employment and workplace problems near to their source. This requires that the relevant public agencies proactively assist employers, employees and unions in devising their own customised in-house approaches to dispute resolution and avoidance.

Capacity for change — Recommendations

- 9 Public agencies with responsibility for enterprise and education should work with the social partners and education and training providers to identify priority areas to which resources should be channelled to support appropriate programmes for leadership and management development in public and private sector organisations. (Enterprise Agencies, Third-level Sector, Professional Bodies, Business Schools, Social Partners) [ONGOING]
- 10 Public and private sector organisations should be encouraged to achieve a greater strategic HRM capability, informed by national and international best practice. (Public and private sector employers, relevant professional bodies)
- 11 All public service organisations should adopt accelerated initiatives for open recruitment and promotion at all levels to improve the leadership and management capacity of the public service. (Department of Finance, relevant Public Sector employers)
- 12 The process of professionalising the Human Resource function within the Civil and wider Public Service needs to be accelerated through open competition and internal professional development programmes. (Departments of the Taoiseach and Finance)
- 13 The implementation of the Information and Consultation Directive should be used as an opportunity to improve the quality of information and consultation within all workplaces. The Department of Enterprise Trade and Employment in conjunction with relevant public agencies, should devise a co-ordinated dissemination strategy that would seek to improve the level of understanding of the new legislation, make the business case for improving current practice and promote good practice within all organisations. (Department of Enterprise, Trade and Employment)
- 14 There is a continued need for advocacy of partnership at workplace level, focused on its role in delivering mutual gains for employers, employees and union representatives, leading to quality of working life, high performance, and workplace innovation. (Relevant Government Departments, Social Partners, NCPP, LRC, sectoral partnership networks) [ONGOING]

- 15 Support for networking activities and formal training provision must be provided to enterprise-led training initiatives and partnership agencies seeking to promote workplace innovation and change. (Social Partners, NCPP, sectoral partnership networks) [ONGOING]
- 16 Operational concerns and perceived barriers to all forms of employee financial involvement must be identified through research and consultation. The issue of taxation in relation to gainsharing is one of a number of areas that must be examined in this context. (Department of Finance, Social Partners, NCPP, Forfás) [End 2006]
- 17 The Labour Relations Commission (LRC) should afford greater priority to working proactively with employers, employees and trade unions to assist organisations in devising and enhancing their in-house approaches to dispute resolution and avoidance. Improving the quality of such enterprise level arrangements has the potential to enhance organisational capacity for managing change. (LRC, Social Partners)
- 18 Arising from the review of the Employment Rights Bodies, and the subsequent consultations with the relevant Bodies and the Social Partners, there should now be a commitment to early action by the parties concerned. This action should focus on institutional arrangements and the consolidation of primary and secondary legislation. (Department of Enterprise, Trade and Employment, Labour Court, LRC, Employment Appeals Tribunal, Equality Tribunal, Equality Authority, Social Partners)
- 19 A range of actions and initiatives should be considered to ensure the continuance of the public dispute resolution machinery's capacity for resolving disputes fairly and expeditiously. This could include a commitment by the relevant public agencies and social partners to further experiment with joint-problem solving, mediation and informal approaches to dispute resolution and avoidance. These approaches must be developed in a manner that adds to and complements the existing range of services provided by the relevant public agencies. (Departments of Enterprise Trade and Employment and Justice Equality and Law Reform, Social Partners, Labour Court, LRC, Employment Appeals Tribunal, Equality Tribunal, Equality Authority).

5.3 Developing future skills

The development of an effective framework that supports individual and organisational participation in lifelong learning will improve Ireland's competitiveness across all sectors. In particular, it will support Ireland's transition to a knowledge economy.

The challenge of developing and maintaining a highly skilled workforce must be tackled on a number of levels. At individual level, engaging in career planning and developing a Personal Learning Plan will become increasingly important. At organisational level, employers must encourage learning that will add value to the workplace, and facilitate employees to achieve their potential. At national level, the identification, provision and assessment of the skills necessary for Ireland's competitiveness, the development of closer ties between the workplace and the education sector, and support for individuals and organisations wishing to develop their skills must become priorities.

The Forum supports the findings of the Taskforce on Lifelong Learning, which highlighted the delivery, funding and access issues that create barriers to lifelong learning. These barriers include the current fee structures for part-time education, the inflexibility of course design, and insufficient flexibility in workplaces to facilitate opportunities for training or further education. The Forum also welcomes the 'One Step Up' initiative, recommended by the Enterprise Strategy Group, as a way of raising skill levels throughout the workforce.

Key findings

- While improvements have already been made in relation to education and training systems, the evidence considered by the Forum strongly suggests the need for more investment in training for those already in the workforce.
- Ongoing public and private investment in training for those at work is critical, as affordability of ongoing learning, particularly for employees on low incomes, remains a key barrier.
- Employers have a key role in providing training for employees, and encouraging employees to avail of further training and education through the provision of flexible working arrangements.
- Significant problems exist for smaller businesses in terms of the affordability of training and its integration with work scheduling.
- Flexible models for sharing training and learning costs among employees, employers and Government are required to support the expansion of lifelong learning. In this context, consideration should be given to establishing Personal Learning Accounts, through which employees, employers, and Government can jointly fund work-related learning. The experience of other countries in implementing such approaches should to be examined for examples of good practice

- Attention must be accorded to changing skill needs at the middle and lower end of the labour market. Significant proportions of employees in lower skilled jobs do not have adequate access to training, and policy mechanisms and initiatives need to be repositioned to ensure that these employees have access to training and further education throughout their working lives.
- The National Qualifications Framework is an important step forward in promoting a more integrated approach to work-related learning. The next step should be a continuous learning and development facility that enables individuals to identify and assimilate knowledge, skills and abilities acquired in different contexts.
- Detailed regional assessment of changing technology trends and skill requirements provides a basis for regional growth as it can inform and support proactive collaboration between industry and the third-level education sector in areas such as curriculum development, research and outreach programmes.
- A more integrated approach is required among the various Government departments, state agencies and educational establishments, which are responsible for policy development, co-ordination, funding and delivery. Specifically:
 - Urgent measures are required to significantly increase the takeup of lifelong learning by adults in the workplace. Particular attention must be paid to sectors and employee groups where takeup levels are lowest. Workplace training initiatives, including successful pilot initiatives, need to be further developed and promoted. The priorities of those agencies and initiatives whose work is supported by the National Training Fund should reflect these strategic objectives.
 - A vision of first chance education and ongoing learning in the workplace as a single integrated and continuing process must be articulated and promoted by all the key education and training agencies and providers.
 - There is a clear need for a new relationship between third-level institutions and the workplace which would increase access to third-level education and to ongoing learning, and which would recognise the portfolios of learning and skills that have been acquired in the workplace.
 - Development of the education sector should include mechanisms that support the flexible and targeted delivery by the universities and Institutes of Technology of continuous learning programmes.

Developing future skills: Recommendations

- 20 Government and the social partners must agree the practical arrangements that will increase levels of lifelong learning. International approaches based on a three-way commitment of resources from Government, employers and employees sometimes known as Personal Learning Accounts, merit consideration and should be examined with a view to informing policy development in Ireland. (Departments of Finance, Enterprise Trade and Employment and Education, FÁS, Social Partners) [Immediate]
- 21 The education and training sectors, in conjunction with experts in adult career guidance, should develop and promote resources to support individuals in the workforce in managing their lifelong learning progression. Such resources could include vocational education and training advice and counselling, and planning instruments such as Personal Training Plans. (Department of Education, National Centre for Guidance in Education, FÁS) [Immediate]
- 22 In further developing collaboration between business and education and to support regional development the Forum sees merit in analysing regional approaches which are based upon detailed assessment of technology trends, skill requirements and the needs of clusters of companies. (Departments of Enterprise Trade and Employment and Education and relevant agencies).
- 23 Higher levels of work-related learning and training among Irish employees and organisations will depend on the removal of existing barriers to learning. Key departments and agencies must develop a cross-cutting approach to issues such as part-time access to education and learning, the cost of further education and training, and the accreditation of work-based learning. This must occur alongside the continued rollout of the National Framework of Qualifications. (Departments of Enterprise Trade and Employment and Education, NQAI)
- 24 A key driver of innovation in work-related learning is successful interaction between the workplace and the education sector at the level of the enterprise. Examples of good practice in this regard should be identified by FÁS and the NCPP, and disseminated to a broad audience. This work should inform implementation of the 'One Step Up' initiative, as successful models of learning can be applied to meet the needs of specific groups of workers. (Departments of Enterprise Trade and Employment and Education, FÁS, NCPP)

- 25 The key recommendations of the Report of the Taskforce on Lifelong Learning, in particular the recommendations on basic literacy, numeracy and IT skills, must be implemented with renewed urgency by the relevant agencies. (Departments of Enterprise Trade and Employment and Education)
- 26 The National Training Fund should support a wider range of workplace training initiatives focused on enterprise needs and, as far as possible, leading to an accredited award. (Department of Enterprise, Trade and Employment)
- 27 Further efforts must be made to develop enterprise-led approaches to training, such as the Skillnets programme, and to improve the take-up of such options by organisations and their employees, in line with the EU Memorandum on Lifelong Learning. (Department of Enterprise, Trade and Employment and social partners)

5.4 Access to opportunities in the workplace

Equality legislation has been a stimulus for positive change and greater equality of opportunity in the Irish workplace. However, there is a need to move beyond the current model of prohibition of discrimination to a more proactive stance, which will focus on creating diverse, equitable workplace environments in which all workers are enabled to contribute fully. There is a particular need to develop a more targeted focus on initiatives that will encourage participation by particular groups that are still under-represented in the workforce. In this context the Forum has identified a number of areas in which action is necessary to increase access to opportunities in the workplace:

- Equality and diversity
- Childcare
- Economic immigration policy
- Older workers.


5.4.1 Access to opportunities in the workplace — Equality and diversity

- Policies and structures to promote inclusive workplaces must be developed further. Organisations must be encouraged to move towards best practice approaches without being unduly prescriptive, and to collaborate with employees in developing a systematic approach to dealing with equality, diversity and flexibility as mainstream business issues.

- New thinking, and a degree of openness to change, are required in order to manage diversity and flexibility in ways that create mutual benefits for employers and employees, thereby enhancing the ability of organisations to respond to change and to attract more workers into the Irish workforce. Trade unions and employer bodies need to develop their capacity to stimulate equality and diversity at the level of the workplace.
- There is a clear need for extensive dissemination of relevant information and advice, particularly to smaller organisations and within industries that are heavily gender segregated or heavily reliant on immigrant workers.
- Investment is required to address the needs of people with disabilities, both in the education system and the workplace, so that their disabilities are not compounded unnecessarily by limited access to learning and employment.
- The public service, as a major employer, needs to be a leader in equality and diversity. While the public service has given a lead in some critical areas such as flexible working practices, it is essential that progress continues to be made in other areas, such as the promotion of women into senior positions and employment of people with a disability.
- In 2004, the Government decided to change the focus of its policy in relation to the employment of people with a disability in the Civil Service. A study by independent consultants had shown that 7 per cent of staff in the service had a disability. The Government decided that the policy should have a new emphasis. A new code of practice to assist people with disability in the Civil Service will be developed by management in co-ordination with the staff unions. At the same time, special recruitment arrangements will be put in place to ensure that 3 per cent of vacancies in the Civil Service are made available for people with a disability.
- There is a gender imbalance in the Civil Service. Most senior positions are held by men, most junior positions by women. The Government's gender equality policy is designed to address this. The key policy target of having 33 per cent of Assistant Principal posts filled by women by end of 2005 is likely to be met. The next task will be to ensure that this pool of women managers can move forward to more senior managerial positions in the service. It is important that these and other initiatives in the civil and public service continue to be developed and implemented.
- Women who take career breaks to care for children often experience significant barriers to re-entering the workforce, representing a labour market constraint that needs to be addressed. Highly skilled women face particular difficulties in re-entering the workforce at an appropriate level. This results not only in a reduced return on the investment for the individual, the state and the employer in education and training, but it also acts as a competitive drag on our economy, and contributes to the significant gender pay gap. There is a strong case for Government and individual employers to support women to successfully re-enter the workplace.

Access to opportunities in the workplace — Childcare

There is clear evidence to suggest that significant competitive advantage is to be gained, both at a national and at an organisational level, through effective childcare arrangements. This fact has long been recognised by certain European countries⁹⁰, where robust and developed childcare systems depend on the inter-relationship of policies on parental leave and effective funding arrangements involving state, employer and employee. Access to affordable, good quality childcare and family-friendly work practices is now a critical aspect of Ireland's labour force management capability, and our capacity to enable better workforce participation by both men and women will increasingly depend on our ability to resolve our limitations regarding childcare provision.

 *There is clear evidence to suggest that significant competitive advantage is to be gained, both at a national and at an organisational level, through effective childcare arrangements.*

Over the longer term, the quality of childcare arrangements and provision of early childhood care education are critical factors in the development of Ireland's workforce for the future. The expansion and improvement of pre-school education must be treated as a high priority in terms of meeting the needs of child development and giving all children an equal start in education.

Key findings

- Childcare provision is an issue that has proven challenging in most countries. Cultural influences play an important role on how these challenges are addressed, but in most countries, the multi-faceted nature of the issue means that it is best tackled by a number of stakeholders, working together.
- In comparison to other OECD countries, Ireland is in a position where it is playing 'catch up' in terms of provision of childcare places. Through the Equal Opportunities Childcare Programme in the NDP Ireland began to develop a formal childcare infrastructure relatively recently and is currently building capacity through funding for childcare places. This capacity building is being supported at county level through the County Childcare Committees. By the end of June 2004, over 20,500 childcare places have been put in place, a further 13,000 are in the pipeline and almost 29,000 places are being supported on an ongoing basis.
- The relatively recent investment in Ireland's formal childcare infrastructure has meant that Irish families have had to depend on informal childcare to a large extent which has made it difficult to accurately predict actual demand for childcare services and to ensure that parents' needs in terms of choice, quality and affordability are being met.
- The existing provisions for maternity leave and parental leave, which are not as extensive as in many other OECD countries, mean that there is a high demand for childcare for very young children. This type of childcare is very expensive due to the 3:1 staffing ratio required by legislation and presents a real barrier to women's opportunities for employment and career

⁹⁰ Examples of good practice include the Scandinavian countries, and Holland

advancement. The availability of affordable childcare is also a major factor in the ability of low paid workers, and in particular lone parents, to access education, training and employment.

- The principal state support for families with children is Child Benefit, which has been increased by almost 300 per cent in the last decade. However, a universal payment cannot take the specific needs of key groups into consideration.
- Further development of the childcare infrastructure and of measures to broaden access to childcare services is required to ensure that both women and men have real choice and flexibility to organise their working lives to take account of family responsibilities.
- Public policy has an important role to play in terms of enabling frameworks. Current structures and policies are not addressing the needs sufficiently or rapidly enough. The establishment of a joint employer/union Childcare Committee under *Sustaining Progress* is a welcome addition to public policy initiatives.
- The barriers to childcare are not just about supply, but also about choice. People increasingly wish to have access to options that will provide high quality care for their children and enable them to continue with their careers. The presence or absence of choice in childcare is conditioned by a broad range of factors including cost, access to care facilities, concerns about their child's development and learning opportunities, workplace flexibility, and career demands.
- Work/life balance arrangements in the workplace and parental leave arrangements are an important aspect of choice in relation to caring for children. More workplaces need to implement flexible arrangements and develop a supporting management culture that ensures that those who avail of these arrangements are not disadvantaged in terms of their career advancement prospects.

5.4.3 Access to the workplace — Economic immigration policy

In a climate of continued employment growth and changing skills requirements, Ireland's labour market capability will increasingly rely on an effective labour market management strategy. It has been estimated that, over the coming years, an additional 30,000 workers per annum from outside the State will be required to meet labour demands in both skilled and less skilled occupations. The latest CSO data suggests that about 10,000 of these may be returning Irish, leaving a residual need of 20,000 per annum. One important development in this regard has been the recent expansion of the European Union, which now provides a much more extensive labour supply to the Irish market. It is expected that the vast majority of the additional non-national workers will come from the European Economic Area (EEA).

A key element to the effective management of Ireland's labour market will continue to be an appropriate economic immigration policy, enabling Government to anticipate and respond rapidly to pressure points in the labour market.

In particular, an economic immigration policy should anticipate and respond to labour market demands in all sectors, including:

- High-technology sectors, particularly where high-growth industries create urgent demands for new skill sets that cannot be met by current output from the training and education systems
- Other specialist occupations, where targeted measures may be required to attract skilled workers from outside the EEA

Legislative proposals currently underway will support a more responsive and robust economic immigration policy along the lines needed. The ability of economic immigration policy to be responsive will depend on it being treated as a critical cross-cutting issue that requires effective collaboration between a number of Government departments and agencies, as well as with the social partners. Related challenges will include the ability to:

- Anticipate labour market demands
- Market Ireland as an attractive place to live and work
- Resolve problems with transnational identification and recognition of qualifications
- Support the management of an increasingly diverse workforce that may include some vulnerable groups of workers.

5.4.4 Access to the workplace — Older workers

- Improved flexibility in working hours aimed at enabling older workers to combine work with other life-roles is an essential precondition for maximising workplace participation by older workers who may otherwise not be favourably disposed to, and/or physically capable of, working full-time beyond their mid-sixties.
- Public and HR policies such as mandatory retirement, restrictive pension arrangements, and aspects of the current tax and social security regime, all currently militate against older workers remaining in the workforce.
- Because older workers receive less training in the workplace than their younger counterparts, thereby reducing their future employability, employers need to take specific actions targeted at providing increased levels of training for older employees.
- Older workers are particularly vulnerable in the context of economic restructuring and they are much less likely than younger workers to find new employment following redundancy.

Access to the workplace — Recommendations

- 28 Organisations need to develop and implement workplace equality and diversity management strategies. A campaign promoting the benefits of diversity management, for employers, employees, and customers should be led by Government, trade union leaders, and business representatives. (Equal Opportunities Framework) **[IMMEDIATE AND ONGOING]**
- 29 The recommendations set out in the WorkWay project should be implemented as a matter of urgency in order to improve recruitment rates of people with disabilities by employers in the private sector. Greater promotion of existing measures to support employers in this regard is required to ensure full take-up by employers. (Department of Enterprise, Trade and Employment, FÁS, Social Partners)
- 30 The civil and broader public service must improve their recruitment rates in relation to workers with disabilities. Every Department must take appropriate action to ensure that agencies under its aegis achieve the 3 per cent target for the employment of people with disabilities. Appropriate measures must also be put in place to promote career progression. (Departments Finance and Justice, Equality and Law Reform, Social Partners, Public Appointments Service)
- 31 Enhanced measures are needed to actively support women returning to the workplace. Existing networking, coaching and mentoring schemes for women employees should continue to receive state funding. Interventions to support women in advance of their return to the workforce should be developed. (Equality for Women Measure, Department of Justice, Equality and Law Reform, women's organisations, professional organisations, employers, trade unions)
- 32 Childcare should be a key priority for all stakeholders at national, local and organisational level, and should be further addressed in any discussions on a potential successor to *Sustaining Progress*. All parties must work together to develop a multi-faceted policy response and practical solutions for the provision of effective childcare supports and arrangements as a matter of urgency. In this context, debate is required around the value systems in our culture as all childcare policies reflect the culture and values of a society. (Government, NESDO, Social Partners, childcare and parents representative groups)
- 33 In seeking to address the interrelated and complex issues of childcare arrangements, a wide range of possible policy responses should be considered by the stakeholders, including tax incentives, changes in the social welfare system, the role of employers in the provision of childcare, state provision of childcare, enhancing parental leave, career breaks and increased access to flexible work arrangements (Government, NESDO, Social Partners, childcare and parents representative groups)

- 34 Government and the Social Partners should explore new approaches to improving childcare based on a three-way commitment of resources by Government, employers and employees. As part of this exercise, recent recommendations by the OECD⁹¹ should be examined, as should the application of best practice, benchmarked against other OECD countries. (Government, Social Partners)
- 35 A successor to the Equal Opportunities Childcare Programme under the National Development Plan childcare strategy should now be developed aimed at expanding further the number of high quality places and at making childcare affordable. The possibility of developing childcare facilities on a Public Private Partnership basis should be examined. (Departments Finance and Justice, Equality and Law Reform)
- 36 The Employment Permits Bill should be brought forward as a matter of urgency, to provide for a responsive labour market management strategy. Economic immigration should be treated as a critical cross-cutting issue involving a range of Government Departments and agencies, as well as the social partners. (Departments of Enterprise, Trade and Employment and Justice, Equality and Law Reform)
- 37 A policy framework that removes the barriers to continued participation in the workforce, and facilitates older workers who wish to remain in the workforce should be developed. (Departments of Enterprise, Trade and Employment, Social Partners, Key Representative Agencies)

5.5 Quality of working life

The Forum highlighted that continued investment in enterprise development, education and training and infrastructure is critical to ensure further expansion in the number of high quality jobs. Ensuring a good quality of working life for all workers needs to be a central part of Ireland's economic and social agenda in the coming years. In particular significant benefits can be generated for employers and workers through the development of activities and approaches that improve the quality of working life. It is important to note that many of the conclusions and associated policy recommendations discussed in previous sections will also have an important bearing on the experience of all employees within the workplace.

Key findings

- Security of employment — not always through continuity of tenure with a single particular employer — is a key determinant of the quality of working life. Such security depends on the ability of employees, with the active support of their employers and public agencies, to continuously develop their skills and competencies through life-long learning and up-skilling.

91 OECD (2003) *Babies and Bosses: Reconciling Work and Family Life*, Volume 2: Austria, Ireland and Japan.

- The Forum's survey of employees found that opportunities to learn and to exercise discretion and autonomy are key influences on an employee's evaluation and experience of work. Practices including employee involvement, autonomy, flexibility and team-working critically determine the quality of working life.
- The Forum's survey of employees suggests that there is an opportunities divide in the workplace which affects the quality of employees' working life as well as their ability to change and to add value to their organisations.
- Although high standards of health and safety have been attained in many industries and workplaces, there are sectors where health and safety remains a concern.
- There is a need for employers — consistent with their own needs and priorities - to provide workers with increased degrees of flexibility. The objective here should be to provide - within an overall framework of balanced rights and obligations — enhanced capacity for workers to organise their working lives so as to better reflect other priorities in their lives, particularly caring responsibilities and continuous learning.
- Information technology offers significant opportunities to reorganise work in ways that combine increased flexibility and productivity with better quality jobs.
- Trade unions have an important contribution to make in enhancing quality of working life. They need to represent a broader range of employee concerns in areas such as work/life balance, training, continuous learning and career planning.

5.5.1 Quality of working life: Recommendations

- 38 The development for all workers of a high quality of working life needs to become a central policy focus for all key stakeholders. (Government, Social Partners)
- 39 Access to opportunities for learning, training, information and consultation and employee involvement and autonomy must be enhanced for all workers to address the opportunities divide. (Government, Social Partners)
- 40 Work/life balance policies should continue to be promoted, consistent with business needs, in a manner that ensures that the careers of individuals who take up flexible arrangements are not adversely affected. (Department Enterprise Trade and Employment, Social Partners, National Framework Committee for Work/life Balance)

5.6 Delivering the National Workplace Strategy

The Forum's integrated package of policy recommendations constitute the key features of its proposed National Workplace Strategy. This strategy establishes an important and challenging set of policy objectives. To ensure availability and effective deployment of the appropriate resources needed to pursue and achieve these objectives, the Forum attaches the highest importance to establishing institutional arrangements and supporting structures to drive the implementation of the National Workplace Strategy.

The Forum has highlighted Ireland's potential for achieving a significant 'early mover' advantage in relation to workplace change and development. Realising this potential will require that all the relevant stakeholders are strongly committed to the strategic goal of workplace change. It is essential that the proposed actions and activities recommended by the Forum are progressed in a co-ordinated and workplace-centred manner.

Ireland currently lacks the structures to ensure that this will actually happen. Public policy tends to address different aspects of the workplace in a discrete way, with stimulation of workplace change not seen as a strategic policy objective. There is no dedicated national programme or strategy to support workplace development and modernisation comparable to those established in some other countries, such as Finland and Australia. The current infrastructure of policy and supports relating to the workplace has evolved in a rather ad hoc manner in response to new policy initiatives, new legislation and/or new policy problems. This, in conjunction with the proliferation of dedicated agencies dealing with specific aspects of the workplace, has contributed to a complex and fragmented institutional structure for addressing workplace related issues.

This needs to change. The public policy and supports system needs to strengthen its capacity to manage cross-cutting issues and engage in innovative, linked-up initiatives for workplace change. Moreover, new approaches are needed to enable the vast range of know-how and expertise that resides in business and industry, professional bodies, unions, networks, public agencies and the educational sector to be deployed more effectively to drive workplace change.

In this context, the proposed National Workplace Strategy, supported by appropriate implementation arrangements, would represent a significant development, as it would establish formal mechanisms for multi-agency collaboration, with a clearer identification of the roles, responsibilities and competencies of each agency in relation to workplace change.

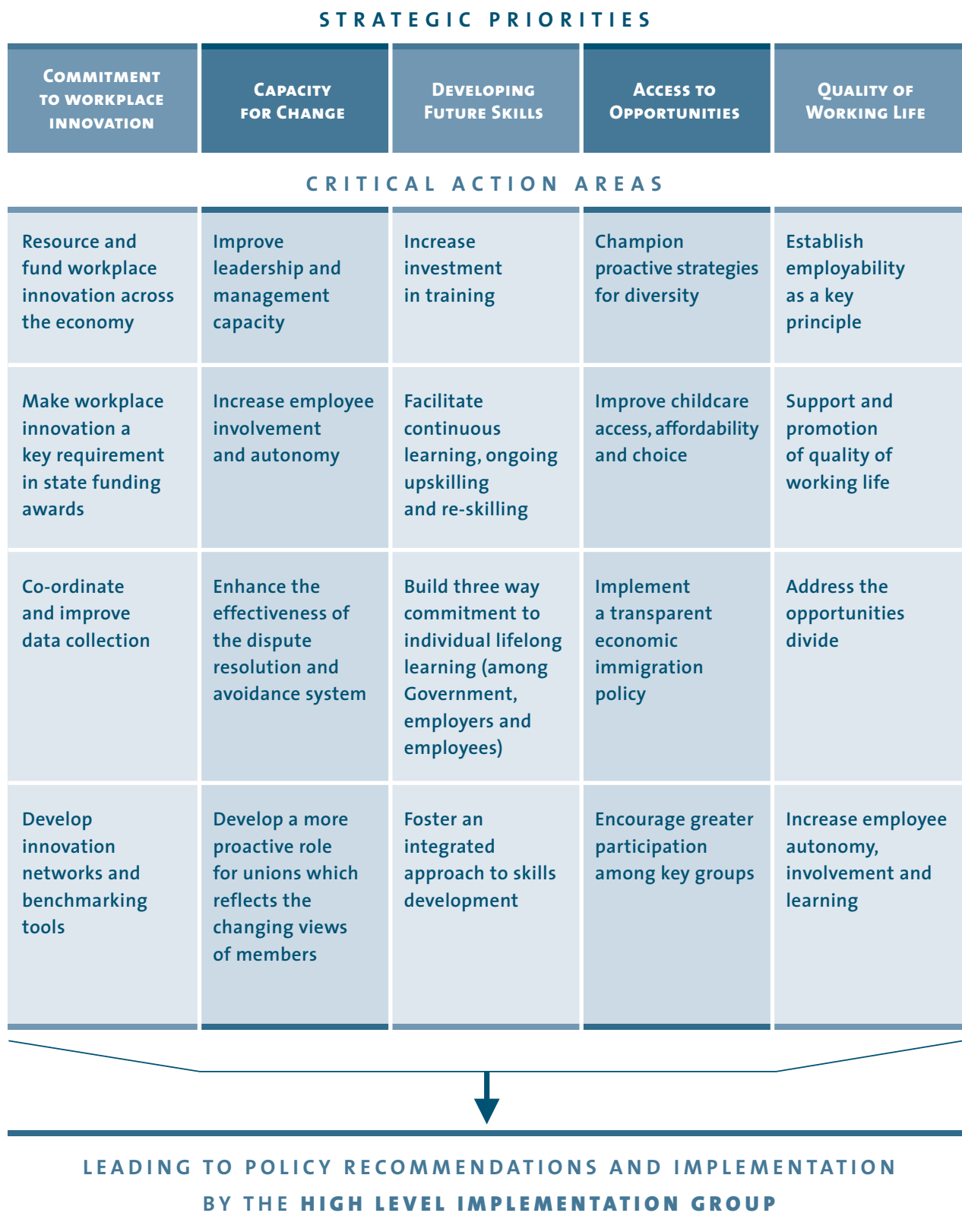
5.6.2 Implementation arrangements

The Forum believes that a National Workplace Strategy should be implemented by establishing a **High-Level Implementation Group**. This group will oversee the establishment of institutional arrangements geared towards achieving the level of co-ordination needed for the successful implementation of the Strategy. The experience of other countries (such as Finland)⁹² in developing similar initiatives can serve as a valuable guide in this regard.

The national social partnership system provides a strong platform for supporting the National Workplace Strategy. The Strategy and associated implementation arrangements need to be characterised by a partnership approach involving the relevant public agencies and social partners. This approach will ensure that the Strategy is underpinned by intensive engagement with a wide range of representative bodies and individual organisations. The NCPP should provide professional and executive support for the work of the Implementation Group.

Implementation arrangements: Recommendations

- 41 The Forum recommends that a High-level Implementation Group be constituted to drive the implementation of the National Workplace Strategy. This group should comprise senior representatives of relevant Government Departments, relevant agencies and the social partners.
- 42 The proposed High-Level Implementation Group should develop a comprehensive dissemination strategy for the Forum's Report.
[IMMEDIATE]

FIGURE 5.1 | A National Strategy for Workplace Innovation


Appendices



Appendix A

Membership of the Forum's Taskforce and Expert Panels

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John Sweeney

Economist, National Economic and Social Council

John Travers

Chairman, National Tourism Development Authority

Fergus Whelan

Union Services Officer, Irish Congress of Trade Unions

Secretariat

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

Cathal O'Regan,

NCPP National Co-ordinator, Organisational Change and Innovation

Appendix B

List of written submissions to the Forum on the Workplace of the Future

FIGURE D Opportunities for participation in employment		
An Post	Anonymous Five	Business in the Community, Ireland
Central Statistics Office	Chartered Institute of Personnel and Development	Clancy, D
Comhairle	Coleman, Marc	Construction Industry Federation
Conroy, Kevin	Cowap, Tom	Crisis Pregnancy Agency
Energise for Change, Gillcada Limited	Enterprise Ireland	EQUAL
Expert Group on Future Skills Needs	FÁS	Fingal County Council
Forum of People with Disabilities	Health Services Employers Agency	Institute of Public Administration
Institute of Public Administration Research Division	Institute of Technology, Tallaght	Irish Business and Employers Confederation
Irish Congress of Trade Unions	Irish Management Institute	Irish National Teachers Organisation
Irish Productivity Centre	Irish Wheelchair Association	Labour Relations Commissions
Martin, Tom & Associates	National Adult Literacy Agency	National Centre for Quality Management, University of Limerick
National Qualifications Authority of Ireland	Office of the Ombudsman	SEEDS Project, South East Regional Authority
The Equality Authority	Timoney, Joan	Treoir, National Federation of Services for Unmarried Parents and Children
Ward, Susan	WRC Social and Economic Consultants Ltd	Young Fine Gael

Appendix C

Forum conferences and speakers

Six major conferences took place between October 2003 and December 2005 as follows:

Inaugural Session of the Forum on the Workplace of the Future
6th/7th October 2003,
St. Patrick's Hall, Dublin Castle

Speakers

Robert Taylor
Former Employment Editor, Financial Times, Author: *Skills and Innovation in Modern Workplaces*, *Managing Workplace Change*

Professor James Williams
Head of ESRI Survey Unit

Achieving High Performance in Irish Workplaces
17th November 2003,
Croke Park

Speakers

Jerry Liston
Executive Chairman, Michael Smurfit School of Business and former CEO, United Drug

Arne Kalleberg
Professor of Sociology, University of North Carolina

Philip O'Connell
Research Professor, ESRI

Peter Lazes
Director, Strategic Planning, Industrial and Labour Relations, Cornell

Jerome Ford and Larry Broderick
AIB/BOA Partnership

Sean O'Riain
Professor of Sociology, Maynooth

Barbara Gerstenberger
Research Manager, European Monitoring Centre on Change

Anticipating and Meeting the Needs of a Changing Workforce
5th February 2004,
Royal Hospital Kilmainham

Speakers

Marc Thompson
Research Fellow in Employee Relations, University of Oxford

Professor Patrick Flood
IMI Professor of Organisational Behaviour, University of Limerick

Meeting the Challenge of Innovation in Public Service Organisations
28th April 2004,
Royal Hospital Kilmainham

Speakers

Bryan Andrews
Chief Executive Officer, Public Appointments Service (formerly Civil Service and Local Appointments Commission)

Elsa Pilichowski
Public Governance and Territorial Development Directorate, OECD

Professor James Williams
Head of Survey Unit, ESRI

Moling Ryan
HR Director, Courts Service

John O' Dea
Chief Executive Officer, Western Care Association

Noel O' Connor
Dublin Institute of Technology

Anticipating and Managing Change in the Private Sector
28th June 2004,
Royal Hospital Kilmainham

Speakers

Professor Roy Green
Head of Management Department, National University of Ireland, Galway

Professor Michael Best
Judge Institute of Management Studies, Cambridge University, UK and Director, Centre for Industrial Competitiveness, University of Massachusetts Lowell

Professor James Williams
Head of Survey Unit, ESRI

Professor Stefan Klein
Centre for Information and Organisation, UCD

National Policy and Supports for Organisational Change and Innovation
13th September 2004,
Royal Hospital Kilmainham

Speakers

Dr. Tuomo Alasoini
Director of Employer and Work Organisation Services, Ministry of Labour, Finland

Appendix D

Statistical compendium of current practices and priorities in Irish workplaces

This section contains the key workplace indicators discussed in Chapter 4. Unless otherwise stated, the data reported here are from the Forum's Employer and Employee surveys. The data relates to:

- Workplace innovation
- Pressures for change
- Employee openness towards change
- Diffusion of work practices
- Capacity for change
- Communication and dialogue
- Partnership and participation
- Autonomy and control
- Skills for the future
- Staff development and training
- Lifelong learning
- Opportunities for participation in employment
- Equality and diversity
- Female workers
- Older workers
- People with disability
- Quality of working life
- Pressures at work
- Working practices

AREA 1	Commitment to workplace innovation
<p>Workplace innovation <i>Pressures for change</i></p>	<ul style="list-style-type: none"> ■ 70% of public sector managers recognised increased standard of service as an intense pressure for change ■ 99% of senior managers in the public sector agreed or strongly agreed on the need to introduce innovation and new ideas into the public service ■ 71% believed that requirements for greater efficiency exists as an intense pressure ■ 88% of employers in the private sector reported that customising goods or services to the needs of your customers is a key priority ■ 72% reported that introducing new products or services is critical ■ 73% of manufacturing companies indicated that new technology will be important ■ 59% of all companies reported that reducing production costs remained a key priority ■ 21% of all companies reported that reducing the number of employees is an important response to competitive pressures.
<p>Workplace innovation <i>Employees</i></p>	<ul style="list-style-type: none"> ■ 80% of employees indicated that they are willing to work harder and are proud of their organisation ■ 85% of employees agree or strongly agree that their job requires them to work very hard ■ 74% of employees are willing to accept an increase in the levels of responsibility they have ■ 44% will accept an increase in pressure at work ■ 79% are willing to increase the skill levels they have ■ 30% are willing to accept an increase in the number of unsocial hours worked.
<p>Workplace innovation <i>Diffusion</i></p>	<ul style="list-style-type: none"> ■ 39% of employees report that they work in organisations where there is no participation or partnership and only low levels of consultation ■ 6% of employees work in organisations which have some combination of participation arrangements, formal partnership and high levels of consultation ■ 86% of senior managers in the public service agreed or strongly agreed that reform of the public service is essential.

AREA 2 | Capacity for change
Capacity for change
Communication and dialogue

- 61% of private sector firms have arrangements in place to provide information to staff and to consult them about change in the organisation
- Substantial proportions of employees ‘hardly ever’ receive information in relation to key aspects of the business
- Substantial proportions of employees in both the public and private sectors are not consulted before major decisions are taken regarding their work, with very little variation between public and private sector employees in this regard
- Only 25% of employees reported that they are ‘almost always’ consulted
- 27% feel they are rarely or almost never consulted
- 22% of employees feel they rarely or almost never receive feedback from management on why decisions are made and a similar proportion feel that even when they are consulted little attention is paid to their views
- Employees in smaller organisations reported lower levels of information than those in larger ones, although smaller organisations appear, on average, to do better than larger ones in terms of consulting their employees about change.

Capacity for change
Autonomy and control

- Around half of all employees report that they have some level of discretion in how they carry out their work
- 27% have a high degree of control over their time and work tasks, while a similar proportion feel that they have low levels of control
- EU surveys indicate that workers in Ireland are significantly more likely to report that their job involves monotonous tasks than the European average, and less likely to consider that their work involves complex tasks and learning new things
- Job involves monotonous tasks: Ireland 52% (EU average 40%)
- Job involves complex tasks: Ireland 52% (EU average 56%)
- Job involves learning new things: Ireland 68% (EU average 71%)⁹³
- Where workplaces in Ireland have adopted new work practices such as team-working and job rotation, these tend to be associated with tight production targets, quite rigid approaches to management and relatively low degrees of employee autonomy and task complexity.⁹⁴

⁹³ Source: Sexton, J.J. et al, "Occupational Employment Forecasts 2015", FÁS/ESRI Manpower Forecasting Studies, Report No. 10, Dublin, 2002.

⁹⁴ Lorenz, E. and Valeyre, A., "Organisational Change in Europe: National Models or the Diffusion of a New 'One Best Way?'", Paper prepared for the 15th Annual Meeting on Socio-Economics LEST, Aix-en-Provence, June 26-28, 2003.

AREA 2 Capacity for change	
<p>Capacity for change <i>Partnership and participation</i></p>	<ul style="list-style-type: none"> ■ 84% of companies indicated that they have at least one type of partnership or participation practice in place ■ 70% indicated that their employees have discretion in the way their work is carried out ■ 62% have arrangements for direct involvement of employees in decision-making and problem-solving ■ 33% of companies have formal staff performance reviews ■ 14% of companies reported that they have some form of employee financial involvement ■ One-third of companies and only around a fifth of small companies indicated that they are implementing high-involvement work practices such as team-working, quality circles or multi-tasking or informal partnership-style arrangements between management and employees ■ 4% indicated that they have formal partnership arrangements ■ The incidence of these practices is higher in larger companies and also in foreign-owned companies as 42% of companies with 50+ employees indicated that they have informal partnership-style arrangements, 29% said they have formal partnership agreements and 33% said they have profit sharing ■ Arrangements for employee involvement appear to be more common in the public than in the private sector, with 47% of public sector employees reporting the existence of arrangements for direct participation and 45% the existence of partnership arrangements.
<p>Capacity for change <i>Leadership and management capability</i></p>	<ul style="list-style-type: none"> ■ 69% of employees consider managers and supervisors to be the most useful source of information ■ 63% of managers participated in training in the last two years ■ One quarter of all managers report that they 'hardly ever' receive information about future changes in work practices.

AREA 3 | Future skills
Future skills
Lifelong learning

- European research found that 35% of Irish people engaged in some form of education or training in the previous year which ranked Ireland eight in the EU 15⁹⁵
- Shortfall in skilled workers projected across a range of areas from ICT and science and technology to construction — a shortfall that will have to be met in large part by upskilling within the existing working population, given the declining number of school leavers⁹⁶
- 35% of 25-34 year olds hold degree-level qualifications⁹⁷
- Proportion of workers with no qualifications to fall from 15% in 1997 to less than 5% in 2015⁹⁸
- By 2015, 45% of all jobs will be for third level graduates and over three in four net new jobs in the period up to 2015 will be for people with third level qualifications⁹⁹
- 17% of secondary school students do not complete the Leaving Certificate
- The unemployment rate among people who do not complete school is four times the national average
- Ireland is ranked 7th out of EU 25 for participation in lifelong learning
- In 2002, Ireland was ranked 15 out of 19 OECD countries for the proportion of adults participating in some form of continuing education and training.

⁹⁵ *Lifelong learning: Citizens' Views, EuroBarometer/ Cedefop, 2003.*

⁹⁶ *The Expert Group on Future Skill Needs.*

⁹⁷ *Quarterly National Household Survey: Educational Attainment 1999-2003, CSO, 2004.*

⁹⁸ *Ibid.*

⁹⁹ *FÁS/ESRI, Report No. 10, 2002.*

AREA 3 | Future skills
Future skills
Staff development and training

- Between 60 and 70% of firms in most sectors, rising to over 80% among high-tech manufacturing firms, see staff development as important
- The exception is in the hotel, restaurant, transport and other services sectors, where the level of reported staff development is lower, although the level of management development is close to that in other sectors
- Less than half of all employees (48%) participated in employer-sponsored training in the past two years
- Training is much more common in the public than the private sector — 60% of public sector employees participated in employer sponsored training in the past two years compared to 45% in the private sector
- Employees in large organisations are much more likely to receive training than those in small organisations, a finding that concurs with recent FÁS research¹⁰⁰ showing that employees in large companies are twice as likely to receive training as employees of small firms
- More highly educated employees receive much more training than their less well educated colleagues — those with third level qualifications are nearly twice as likely to have participated in training as those with no qualifications
- Training is also strongly related to social class, with almost two-thirds of higher professionals receiving employer-sponsored training compared to one-third of semi-skilled manual workers and a little over a quarter of unskilled manual workers
- Younger workers are more likely than older workers to receive training
- Full time and permanent workers receive more training than part-time and temporary workers.

¹⁰⁰ FÁS, *Company Training in Ireland, 2001*.

AREA 4 Opportunities for participation in employment	
Participation <i>Equality and diversity</i>	<ul style="list-style-type: none"> ■ 41% of private sector companies have an explicit policy on equality/diversity in the workplace ■ 70% of private sector employees and 90% of public sector employees indicated that their workplace has a policy on equal opportunities at work ■ 88% of employees in organisations with over 100 employees reported that their workplace has a policy on equal opportunities, compared to 56% in workplaces with 1-4 employees and 66% in workplaces with 5-19 employees.
Participation <i>Female participation</i>	<ul style="list-style-type: none"> ■ Women on average earn 19% less than men which is three points below the EU 15 average¹⁰¹ ■ Women, on average, receive less training than men, have less control and discretion at work, receive less information in the workplace and have higher levels of work stress, factors that are associated with their occupational profile and their greater responsibility for caring and domestic work ■ Employment rates for women with tertiary education lag well behind those of men: in 2000 the gap was over 13%, compared to a gap of under 5% in Scandinavian countries and under 10% in the UK, France and a number of our other EU neighbours¹⁰² ■ 40,000 shortfall in childcare places by 2010 even if Government fulfils its commitment to increase the number of childcare places by 36,000.¹⁰³
Participation <i>Older workers</i>	<ul style="list-style-type: none"> ■ The participation rate of older workers increased by 5% in the decade up to 2001 ■ 47% of those aged 55 to 64 are still in the workforce, compared to the EU average of 39% ■ 40% of workers aged 55 years and over reported training activity in the previous two years, compared to half of workers in the 25 - 39 years age group.
Participation <i>People with disability</i>	<ul style="list-style-type: none"> ■ Over half and possibly as many as 75% of the working-age population of people with disabilities in Ireland remain unemployed ■ Under-employment is also a frequent problem for people with disabilities ■ The public service has not reached its target of 3% for employment of workers with disabilities ■ Completion of second-level education to Leaving Certificate standard by students with disabilities is far below that of other students.¹⁰⁴ ■ Significant problems with physical accessibility of secondary schools to students with disabilities and only a tiny minority of schools have plans in place to meet the needs of these students.¹⁰⁵

¹⁰¹ *Measuring Ireland's Progress, CSO, 2000.*

¹⁰² *OECD, Employment Outlook, 2002.*

¹⁰³ *Babies and Bosses, 2003.*

¹⁰⁴ *Survey by the Association for Higher Education Access and Disability, 2000.*

¹⁰⁵ *Ibid.*

AREA 5 Quality of working life	
<p>Quality of working life <i>Work pressure</i></p>	<ul style="list-style-type: none"> ■ 31% of employees indicated that they always or often come home exhausted ■ 15% indicated that their job always/often takes family time ■ 18% indicated that they are always/often too tired to enjoy things at home ■ 10% of employees report that their family gets fed up with their job pressures ■ 20% of Irish employees are engaged in shift work ■ 25% of employees report that they work outside core working hours¹⁰⁶ ■ Part-time work has expanded significantly and now accounts for around 17% of total employment. Night working and Sunday working are also becoming more prevalent.¹⁰⁷
<p>Quality of working life <i>Work practices</i></p>	<ul style="list-style-type: none"> ■ 40% of private sector employers have implemented arrangements to facilitate work/life balance for employees ■ 30% of private sector employers have flexible working time arrangements customised to meet the needs of both management and employees ■ Half of employees report that their workplaces use part-time hours and over one fifth of employees, predominantly women and older workers, are personally involved in part-time working ■ Flexible working hours are quite widely available, with 43% of employees reporting that they are available in their workplaces and almost one quarter of employees personally involved in flexible working ■ Just under 30% of employees work in workplaces that use job-sharing, although only about 6% of employees, mainly women, are personally involved in such arrangements ■ About 14% of employees report that working from home is used in their workplace, but only about 8% are personally involved.

¹⁰⁶ European Commission, *Employment in Europe 2003*, DG Employment and Social Affairs, 2003.

¹⁰⁷ *Ibid.*

Appendix E

Finnish Workplace Development Programme

Introduction

The competitive challenges faced by Ireland are not unique, nor are the strategic choices we have adopted in response to these challenges. Following the Lisbon Agenda, there is a common commitment across EU member states to enable Europe to “become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”. Beyond the frontiers of the EU, a host of industrialised countries on the Asian-Pacific rim have adopted the same strategy of ‘moving up the value chain’ in the face of increased global competition. Ireland is one of many countries within the OECD striving to achieve more agile and more joined-up government, capable of responding in a timely and appropriate manner to the changing needs of employers and employees.

The national policy and supports systems of these countries have approached this challenge with varying degrees of success, reflecting the efficacy of their policy-making and implementation systems. Here, we describe the example from Finland, which was presented to the Forum in September 2004 by Mr. Tuomo Alasoini of the Finnish Ministry of Labour.

The Finnish example offers an insight into a comprehensive national system of policy and supports for organisational change and innovation. Finland offers a useful benchmark for Ireland, given its similarities in population size, and its model of social partnership. Finland, like Ireland, struggled out of a deep economic recession during the early 1990s, and now ranks consistently as one of the world’s leading competitive economies.

Nevertheless, Finland faces some short term competitiveness problems, including a dramatically shifting age profile which will see its labour force in significant decline by 2010, unless it can find ways of promoting greater labour force participation rates, particularly among those approaching retirement. On the positive side, Finland has a long tradition as a product innovator, and relies heavily on its ability to deploy new technologies, and to innovate its business and organisational processes.¹⁰⁵ Its national system of innovation relies on the strategy of joined-up innovation in markets, products, organisations and institutions. Ensuring a sustainable quality of working life for the Finnish workforce has direct implications for the capability of organisations to respond competitively and innovatively to the challenges they face.

Over the last decade, successive Programmes for Government have placed Finland’s competitiveness strategy at the heart of the political agenda. The most recent programme (June 2004) again reiterates the issue of competitiveness as a top policy priority, with a significant cross-governmental approach to the workplace and its role in sustaining national competitiveness. The statutory Cabinet Committee on Economic Policy meets on a weekly basis, and liaises with the Prime Minister’s Programme Management Steering Committee, which co-ordinates cross-departmental efforts to deliver the policy priorities. This type of high-level prioritisation of the competitiveness agenda has proved crucial in creating the optimum conditions for the country’s impressive economic and social performance.

The Ministry of Labour is a key agent in Finland’s competitiveness strategy, and in its Labour Policy Strategy 2003 — 2010 outlines a series of measures to maintain and support organisational change and innovation. These measures include the creation of a new overarching framework programme for workplace productivity, enhancement and innovation (TYKES), which builds on three core programmes that had run during the decade between 1994 and 2003.¹⁰⁶

TYKES

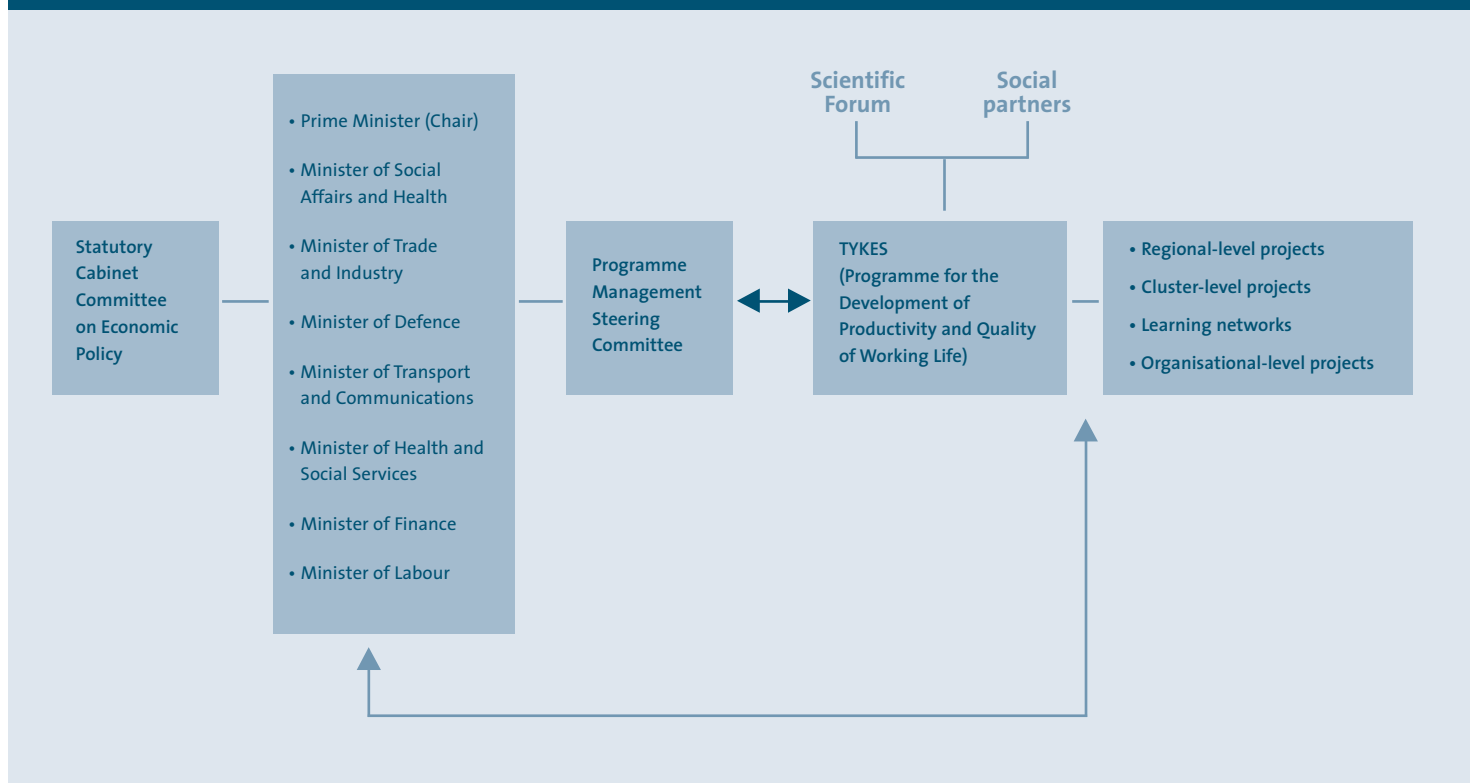
From 2004 onwards, the individual programmes, described above, will be amalgamated under the new “Programme for the Development of Productivity and Quality of Working Life” (TYKES). TYKES is intended to run from 2004 to 2010, with a target budget for the programme period of €87 million. The programme targets would see the participation of 10% (250,000 employees) of employed persons in Finland, through a programme of 1000 development projects.

The broad goals of the new programme can be described as:

- To bring about sustainable productivity growth in Finland, with the support of effective public policy at a national level
- To create national competitive advantage by building networks of Government and practitioner expertise in work organisation development
- To disseminate new work, organisational and management practices and development methods, models and tools arising out of the funded projects
- To develop the ‘learning organisation’ culture in Finland, thereby helping management and employees improve their ability to solve developmental problems in a collaborative way, utilising networks of expertise.

¹⁰⁵ 2003 Global Competitiveness Report, World Economic Forum.

¹⁰⁶ These were: National Productivity Programme (1993 - 2003), Well-Being at Work Programme (2000 - 2003), and the Workplace Development Programme (1996 - 2003).

FIGURE A 1 | Model of the Finnish System of Organisational Innovation


Characteristics of the Finnish TYKES programme

The key features of the Finnish model are:

- Top-level political commitment from a Statutory Cabinet Committee on Economic Policy
- Recognition that a broad systemic innovation policy should incorporate technological, organisational and other innovation policy
- Organisational innovation is strongly linked to all other policy areas that relate to competitiveness. This linkage is formalised through the Statutory Cabinet Committee on Economic Policy
- A strong emphasis on policy co-ordination between multiple Government departments. The Programme Management Steering Committee (Prime Minister's Office) and the Statutory Cabinet Committee on Economic Policy both contribute to this objective
- Innovation policy should focus equally on all sectors of the economy
- A dedicated lead Government department (Ministry of Labour) and secretariat (TYKES Team)
- The intensive involvement of the social partners
- Policy innovation is viewed as being stimulated by interaction between the policy community, social partners, and scientific experts
- The role of public policy is to support, guide and facilitate organisations in devising their own solutions to their developmental needs
- Significant multi-annual funding
- An emphasis on top-down support for collaborative activities initiated at the enterprise level¹⁰⁷
- A strong focus on the dissemination of good practice and learning.

¹⁰⁷ Can be individual organisations or clusters / networks of organisations.

