

# 5

Issue 5 Summer 2004

# Update

The Bulletin of The National Centre for Partnership and Performance

## Contents

### Page 1

Workforce contribution—  
the key to increased innovation  
in Irish companies  
Lucy Fallon-Byrne

### Page 4

Vhi Healthcare: It's all about  
Information & Consultation  
Lorraine Glendenning

### Page 8

Meeting the challenge of innovation  
in public service organisations  
Edna Jordan

### Page 11

The Electric Paper Company:  
Consultation in a growing,  
hi-tech firm  
Cathal O'Regan

### Page 14

Making technology work for Ireland  
Larry O'Connell

### Page 18

Staff consultation: 14 Irish  
companies highlight the benefits  
Damian Thomas

Contact the editor:

E [lorraine@ncpp.ie](mailto:lorraine@ncpp.ie) T 01 - 8146398

## Workforce contribution — the key to increased innovation in Irish companies

Irish enterprise needs a radical transformation of its workplaces if it is to improve its innovative capacity and meet the challenges set out in the Enterprise Strategy Group's report, *Ahead of the Curve*. The report highlights the need for a 'co-ordinated and focused policy for organisational innovation' at national level, and suggests a new model of the workplace is required to facilitate this at organisational level.

The Enterprise Strategy Group also acknowledged the work being undertaken by the *Forum* on the Workplace of the Future, and looked forward to its completion later this year. Reflecting the major themes emerging from the *Forum*, *Ahead of the Curve* states that the new workplace model is one where *'the creativity, knowledge and skills of the workforce are recognised as a primary source of value and are continually developed through structured training programmes.'*

Through the research and consultative work being undertaken by the *Forum* and the Centre, the characteristics of a new and successful workplace model are coming into sharper focus. The organisations that will thrive in a dynamic knowledge-based economy are those that can achieve a high degree of fitness, defined by high levels of innovation and performance and an organisation-wide commitment to innovation.

*“Top down management of change simply does not work and it does not create the conditions for innovation.”*

Specifically emerging from the *Forum* are the following key characteristics of successful workplaces in the future:

#### **Consultative approaches**

Management approaches that are participative, rather than hierarchical. Top down management of change simply does not work and it does not create the conditions for innovation.

**Employee involvement** Higher levels of employee involvement; viewing employees as the thinking core of the organisation.

**Learning** High levels of investment in learning and skill development in the workplace, and the creation of a deeper partnership between enterprise and education.

**Diversity** Diversity is now recognised as a source of innovation and competitive advantage.

**New psychological contract** A different type of psychological contract is developing between organisations and employees. More and more workers place greater emphasis on job satisfaction and achievement, and seek reward systems that emphasise the value of their performance.

**Work/life balance** The need for better work/life balance is recognised in increasing the commitment and performance of a more diverse workforce.

The key question for Ireland is how well placed organisations are in respect of these characteristics. Are today's workplaces responding

to the pressures they face and are they capable of being more competitive and innovative?

Recent research carried out by the *Forum* provides some answers.

There are many positive insights in relation to work commitment, and attitudes to change among employees and employers. However, the research also identifies the key strategic issues to be addressed.

These include:

#### **Under-utilisation of the workforce**

Many organisations are failing to utilise their employees' knowledge, skills and abilities effectively and there is a significant gap between management and staff perceptions of how well change is being implemented in Irish organisations.

#### **Low levels of information and consultation with employees**

High proportions of employees seem to feel that managers are not providing them with much information about change in their organisations, and that they are not being consulted about major decisions regarding their work.

#### **An opportunities divide in the workplace**

The impact of characteristics such as occupation, gender, age and educational attainment is creating an opportunities divide in the workplace. There are inequalities in access to opportunities for training and development, performance-related pay and flexible working hours between high and low skilled workers, between older and younger workers and between men and women.

#### **Significant levels of pressure and stress**

Levels of employee pressure and stress are quite high and there is substantial room for innovative policies and employment practices to reduce stress levels among employees and to facilitate better work/life balance. There is also significant potential to improve the level of control that employees have over their day-to-day working lives, a factor that is found to reduce stress.

#### **A changing role for unions?**

According to the survey results, trade union members want unions to participate actively in decisions about the future of the organisation. Employees also want their unions to provide a broader range of representation, particularly in the areas of learning and work/life balance.

The survey findings suggest that there is much that organisations can do to manage workplace change in a positive way. Employee involvement is critical for gaining workforce support for organisational change. High levels of participation, together with employee financial

*“Levels of employee pressure and stress are quite high and there is substantial room for innovative policies and employment practices to reduce stress levels among employees and to facilitate better work/life balance.”*

*“A key element of the workplace of the future will be the continuation of the successful consensus-building approach developed through social partnership since 1987. As we move into a new type of economy, with new types of organisations, a new dialogue between the partners is beginning to outline a vision of the future through the work of the Forum.”*

involvement and reward schemes such as profit sharing and gain sharing, are the key to improving productivity and increasing competitiveness.

### **Innovation in the public sector**

The need for innovation is critical to the success of both private and public sector organisations. Speaking at a *Forum* conference entitled *The Challenge of Innovation in the Public Sector*, Elsa Pilichowski, OECD, pointed out that in a recent OECD survey on public service reform in twenty seven countries, the Irish public service was relatively centralised, inflexible and falling behind in knowledge management activities.

More worryingly, she felt that Ireland lacks a sense of urgency in relation to bringing about reform in public service organisations. The conference concluded that greater levels of management ambition, drive and leadership are needed in the public service in Ireland.

### **Early mover advantage**

Organisational innovation is emerging as an important part of enterprise strategy and a central element in building an effective national innovation system. While the challenges are considerable, it is notable that *Ahead of the Curve* suggests this is an area of potential early mover advantage

for Ireland, because of its successful social partnership experiences to date.

### **A role for public policy**

One of the four panels working with the Forum is concerned with how national policies and supports can help organisations adapt to change and what the implications of that are for the nature and implementation of public policy in Ireland. Some of their findings to date are around the following areas:

**Data infrastructure** In order to create the workplace of the future, we must understand the key trends emerging from the current workplace. The *Forum* is developing ideas on how public agencies can work together to create a comprehensive workplace data infrastructure.

**Co-ordinated policy implementation** *Ahead of the Curve* emphasised the importance of the enterprise agencies in supporting business in the years ahead. A co-ordinated policy response will be required in other areas related to the workplace, most notably education and training, dispute resolution, childcare and benefits/ pension policies.

### **Workplace Development**

**Programme:** The panel is examining how other countries have approached the issue of workplace development. In Finland for example a coherent and integrated

workplace-centred programme of research, pilot programmes, expert forums, networking, dissemination of best practice and implementation of new HR practices and employee involvement initiatives is currently taking place.

Finally, a key element of the workplace of the future will be the continuation of the successful consensus-building approach developed through social partnership since 1987. As we move into a new type of economy, with new types of organisations, a new dialogue between the partners is beginning to outline a vision of the future through the work of the Forum.

*Lucy Fallon-Byrne*  
Director, NCPP

*Further information on the Forum on the Workplace of the Future can be found at [www.ncpp.ie/forum](http://www.ncpp.ie/forum)*

## Case Study

### **Vhi Healthcare: It's all about information and consultation**

Vhi Healthcare is one of Ireland's best-known brands. With an 84% share of the Irish medical insurance market, the organisation has over 1.56 million members, representing 40% of the Irish population. In the last five years, turnover doubled, reaching €688m in 2002, and staff numbers increased by one third to 729. The Centre recently undertook a case study of the organisation's information and consultation practices, in the context of the incoming Information and Consultation Directive. The case study also examines how an online performance management system was developed and implemented using a consultative approach with the organisation's telephone agents.

### Employee representation and partnership

The Centre looked at Vhi's employee representation structures and how they were viewed by management and trade unions. Vhi employees are represented by AMICUS MSF.

About 80% of employees are union members. Vhi's management team views its relationship with the union as good. The employee representative group views its relationship with management as moderately good, stating that the relationship had improved in recent years.

Formal partnership arrangements operate in Vhi. A Partnership Forum, comprising elected representatives, the CEO, two HR representatives and the House Committee Union Chairperson, meets monthly.

The trade union official attends Forum meetings. The Forum meets annually for a full day and decides on its programme for the coming year. Sometimes representatives of different business units are invited to take part in the day e.g., the Financial Director. The Forum discusses all issues relating to the organisation's performance excluding pay and industrial relations issues.

Management and employees view the partnership arrangements as beneficial and describe working relations within the Forum as very positive. According to the employee representative, the Partnership Forum provides a structure for horizontal and vertical communication within the organisation. In addition, the active involvement of the CEO has contributed to its success. The Forum provides employee representatives with a greater understanding of the strategic issues facing the organisation. However, the union

representative felt that employees could become more involved in the partnership process at local level, so that the Forum can achieve its full potential as a vehicle for staff involvement.

### Direct and indirect information sharing

A wide range of communication techniques are utilised to provide information directly to all employees, including a company handbook, newsletter, bulletins, notice boards, intranet and email. In keeping with a high level of interest among employees in what the public has to say about the organisation, all newspaper articles, transcripts of radio/TV interviews and other comments are posted on the company website. Team, business unit, and department meetings are also used across multiple sites to keep employees informed on matters relating to organisational operations.

Information is fed from the Executive to the general managers, who in turn relate it to their teams. Teams generally meet every two weeks, but more frequently if necessary.

According to management interviewees, information on product/service diversifications, new work practices, new technology, pay and conditions, health and safety, and training is made available to employees at an early stage in the planning process. Information regarding organisational strategy is also communicated at the planning stage.

The view of the employee representative differs. According to the employee representative, information in respect of organisational strategy is only provided to staff at the implementation stage.

*“In keeping with a high level of interest among employees in what the public has to say about the organisation, all newspaper articles, transcripts of radio/TV interviews and other comments are posted on the company website. Team, business unit, and department meetings are also used across multiple sites to keep employees informed on matters relating to organisational operations.”*

Management is concerned that while a lot of resources are invested in communicating directly with employees, some employees still say that the organisation is not doing enough. Vhi is undertaking a review of all communication processes. The purpose of the review is to identify the strengths and weakness of the various channels of communication, and to strengthen weaker channels.

### Direct and indirect consultation

Vhi utilises a range of employee consultation practices, including attitude surveys, suggestion schemes, performance reviews, training and development reviews, and 360-degree appraisal. According to management, very few decisions are taken in isolation. Most significant issues are addressed by a group of some sort. Temporary workgroups, where three or four people get together to discuss and ideally resolve an issue through consensus, are used all the time. Vhi also uses more permanent employee groups. For example, when the results of a recent Vhi Corporate Customer Survey were received, teams were established to examine the results, identify areas for improvement and implement action plans.

The Vhi also utilises committees to consult with its many external customers e.g., the Membership Advisory Committee, which comprises corporate account representatives and the Medical Advisors Committee, which comprises medical representatives.

### The benefits of informing and consulting in Vhi Healthcare

Managers believe that informing and consulting with employees has contributed to:

- improvements in company competitiveness and organisational performance
- employee commitment and acceptance of change
- problem solving and industrial relations.

The employee representative believes that the organisation's information and consultation practices have:

- raised employees' awareness of what the organisation needs to do to be competitive
- helped make employees feel part of the process of maintaining competitiveness.

### EU Information and Consultation Directive

Vhi management is not unduly concerned about the impact of the forthcoming directive. Managers believe that the organisation's information and consultation practices will exceed the minimum requirements of the Directive. The organisation's employee representative believes the advent of the directive will focus management's attention on improving the organisation's communications processes and that this will benefit staff in the long term.

*Lorraine Glendenning*

*For further information on the Information and Consultation Directive, check out [www.ncpp.ie](http://www.ncpp.ie)*

*“Vhi utilises a range of employee consultation practices, including attitude surveys, suggestion schemes, performance reviews, training and development reviews, and 360-degree appraisals. According to management, very few decisions are taken in isolation. Most significant issues are addressed by a group of some sort.”*



## A consultative approach to performance management

Vhi Healthcare established its first local call rate 1850 customer query line in its Dublin Head Office in 1995. In June 2000 the Vhi Healthcare Contact Centre was established in Kilkenny. There are approximately 120 telephone agents employed in the contact centre today.

### Performance management – a core business process

Performance management has been very central to the day-to-day operations and work of the telephone agents. The system that was in place until May 2002 involved team leaders preparing and printing off various reports for each individual telephone agent. A telephone agent could receive up to ten daily reports which only provided statistical information and did not provide insights into how to improve or change anything. Team leaders spent most of their time preparing, printing off and issuing these reports. They then had to sit with each agent and go through the figures. So much of their time was taken up with managing these reports they had very little time to spend with agents in a supporting or coaching role or if they had a problem or query on any of the calls.

### Employee involvement in the system design

The team leaders were unhappy with the performance management system and approached management with a proposal to introduce an online performance management system. A team comprising team leaders, telephone agents and operations managers was set up to explore what systems were available. The team identified a product, which was basically a framework that could be adapted and modified to suit the specific needs of the organisation.

The new system had to accommodate the different reporting systems being used at the time and to include new additional reports. Employees from operations, team leaders, and advisors met on a regular basis to identify exactly what was needed. All employees were kept informed of developments through a series of discussions, exploratory workshops and email updates.

A small task group representing all potential users of the new programme was set-up to work directly with the system provider consultants. Members of the

group were also responsible for keeping their team members up-to-date and ensuring that their suggestions were brought to and considered by the working group.

The consultation workshops continued during the implementation phase. Every detail of the programme was discussed from performance targets to the colour and style of the programme, from language and terminology to the type of “smiles” and colours that are used for the performance assessment icons.

Everybody’s views and opinions were sought at each step of the process. Before final implementation, a presentation of the system was made to each team so that everybody had an opportunity to see what had been developed before it was up and running.

### General benefits

- Evolve Performance Manager can be accessed directly by each telephone agent
- Detailed information on the daily performance of each agent against their objectives
- Key Performance Indicators (KPIs) provide information on the overall performance of the contact centre in relation to metrics such as Service level & Calls Offered
- This information is available daily, weekly, monthly, quarterly, half-yearly and yearly
- Evolve is also used to collate and analyse data in order to automate staff performance reviews making them both objective and fair.

### Benefits for team leaders

- Reduction in administration time in creating, generating and evaluating reports
- Easy identification of where advisors need coaching and assistance.

### Benefits for telephone agents

- Control and ownership of their own performance
- Objective and timely feedback on exactly how telephone advisors are doing
- The right targets for the individual.

## Meeting the challenge of innovation in the public service

*“Why work for a company when you can work for a country?”* asked Bryan Andrews, Chief Executive of the Civil Service and Local Appointments Commissioners, at a recent conference that dealt with the challenge of innovation in the public service. The conference, which featured representatives from different strands of the Irish public service as well as a keynote speaker from the OECD, was hosted by the Centre as part of its consultation process on behalf of the Forum on the Workplace of the Future.



In his opening address to the conference, Bryan Andrews, who chairs the Forum's Anticipating and Managing Change in the Public Sector panel, said that attracting new talent is a very real challenge for the public service:

*"We need our fair share of the best available talent: Would you recommend the public services as a career? If not, how can we make it a more attractive proposition? Therefore public service organisations must offer challenging work and worthwhile careers, and also identify and develop the leaders of tomorrow."*

### **Ireland performs poorly against OECD benchmarks**

In her keynote presentation, Elsa Pilichowski, OECD, pointed out that a composite index for devolution and decentralisation of HR management in the public service ranked Ireland in the bottom three of 27 OECD countries.

She said that although the scope and pace of public service devolution varies from one country to another, most OECD countries are delegating responsibility for human resource management, primarily to give managers more flexibility and freedom. A good indicator of this can be the degree to which the personnel budget is controlled at local level, and central control over key human resource management aspects such as staff numbers, classification, grading and pay is relaxed.

Elsa Pilichowski also said that most OECD countries are putting a strong emphasis on performance management for government employees. It is crucially important for this purpose that individual objectives are established on a regular basis and aligned to those of the

organisations, and that they are evaluated. Most OECD governments are trying to emphasise the need to better link pay, careers and promotions to the assessments of individual employee performance. Comparative OECD data indicated that Ireland had ground to make up, as the Irish public service ranked relatively low on flexibility and performance orientation.

She added that Ireland is also in a 'below-average' group of OECD countries in terms of knowledge management practices.

### **The Changing Workplace survey findings**

The conference heard Professor Philip O'Connell, ESRI, present the findings of *The Changing Workplace*, a series of major, national surveys into the experience and attitudes of Irish public and private sector organisations. The results provide a unique insight into how Irish workers view the workplace and the changes occurring within it. They also examine employer experiences of and attitudes to change in the environment and its impact on the workplace.

*The Changing Workplace* reports high levels of job satisfaction, of commitment to work and of organisational commitment among public service employees. There is also evidence of substantial organisational change over the past two years and of a willingness to change on the part of employees. The results also show the positive role of communication and consultation in gaining employee support for change. The survey showed that employees attach considerable importance to opportunities for learning and training in the workplace.

*"The Changing Workplace reports high levels of job satisfaction, high levels of commitment to work and high levels of organisational commitment among public service employees. There is also evidence of substantial organisational change over the past two years and of a willingness to change on the part of employees."*

Professor O’Connell highlighted a number of key strategic areas of concern identified by employees during the survey. These included low levels of information and consultation on organisational issues, and evidence of significant levels of pressure and stress. The results also indicated that there is much that organisations can do to manage change in a positive manner.

The three main external pressures for change were budget constraints, a requirement for improved efficiency in the delivery of services, and demands for increasing standards in service delivery. The most frequently cited internal pressure was the introduction of new technology. This was followed by employee needs and preferences for greater flexibility in the workplace, and demands from staff for greater say and involvement in their work.

*The Changing Workplace* highlighted the need to remove some traditional barriers to reform in the public service. The greatest barriers to change in the public sector were perceived to be external in origin. Financial constraints were particularly important, and the centralisation of public service resource allocation and finance decisions was also identified as barriers. Accordingly, Professor O’Connell concluded that any discussion of improved competitive structures needed to centre on employee-related issues such as high performance work systems, employee involvement, workplace partnership, and family friendly practices.

In general, *The Changing Workplace* found that there was strong acceptance of the need for public service reform. Efficient use of resources,

Attitudes to public service reform in Ireland		
	Strongly agree %	Agree %
Reform of Public Service is essential	26	67
Quality of service should be most important	48	48
Innovation and new ideas are critical	80	19
Efficient use of resources	44	28
Recruitment and promotion of professional grades	29	54
Partnership approach important for achieving change	37	58

the importance of quality service delivery, and partnership approaches to change were all seen as important drivers of future reform.

#### A broad-ranging panel discussion

The conference ended with a broad-ranging panel discussion that dealt with many of the themes and issues raised during the presentations.

Donal de Buitléir, Chairperson of the Civil Service Performance Verification Group, said there was a lot of evidence of change and improvement across the public sector, but the challenge would be to sustain the commitment to change, particularly when budget pressures increase and resources are scarcer. He highlighted the need to decentralise appropriate issues that can be resolved at local level, perhaps by empowering people at the front-line.

Blair Horan, General Secretary of the Civil and Public Service Union, responded to a survey finding that employees want their unions to cooperate with management to make their organisations more successful. He said that, traditionally, unions didn’t have a role in tackling soft organisational issues such as training and development and involvement, but that this is changing.

Dr. Richard Boyle, Institute of Public Administration, referred to some case studies that were presented during the conference and commented on the key characteristics of innovation in the organisations concerned. According to Dr. Boyle, the organisations started by identifying what outcomes they wanted to achieve, and that a service delivery model was a key driver. He also pointed to the role that ICT and structural changes played in supporting the delivery of positive outcomes. He stressed the importance of an integrated approach to training and the use of technology, to support the achievement of expected change.

Finally, a question was posed to the panel regarding Ireland’s imperative (or lack thereof) for ongoing reform in the international context. Elsa Pilichowski responded and said that reform can be driven by a political or financial crisis, or by problems with trust. To achieve successful reforms public service organisations need to identify the need for change, and establish appropriate goals.

*Edna Jordan*

*Further information and copies of the presentations can be found on [www.ncpp.ie/forum](http://www.ncpp.ie/forum)*

## Case Study

### **The Electric Paper Company: Consultation in a growing hi-tech company**

Dublin-based Electric Paper Company is one of the fastest-growing technology companies in Europe, and a market leader in the e-learning field. A fast-moving, high-tech company such as this might have regarded the EU Directive on Information and Consultation with a certain degree of trepidation. However, when undertaking a recent case study with the company, the Centre found that the Electric Paper Company is successfully adapting to the Directive, and offers a good example of practice for other small companies.

### Background

Founded in Dublin in 1987, Electric Paper established itself as a provider of learning solutions using a variety of media. By the mid 1990s, it had positioned itself as a provider of e-learning solutions, and has since grown to become one of Europe's most successful e-learning companies. Its core product line is interactive courseware for IT literacy assessment, training and testing, focusing on certification standards including ECDL, ICDL and CLAIT. The courseware can be delivered over a variety of platforms including cd-rom, corporate networks and the internet.

In a climate where many high-flying enterprises from the dot.com era have gone out of business, Electric Paper has enjoyed both exceptional growth rates and a consistent presence in the honours list of industry accolades and awards. Currently employing around 100 people in its Dublin offices, the company has been ranked high in the 'Fastest Fifty' list of fastest growing technology companies in Ireland for three years running, while Managing Director Jonny Parkes was nominated for the 'Entrepreneur of the Year' award in two consecutive years.

Following successful performances in the Irish, UK and Australian markets, the company is now expanding globally, and operates satellite offices in the UK, USA, Canada and Australia. It has released versions of its products for markets in the US, China, the Middle East and Latin America. Since 1997 the company has grown by 1,000%,

while the workforce has quadrupled in the same period. In March 2003 the company was acquired by ThirdForce plc in a €15.5 million deal.

### Challenges created by fast growth

Electric Paper faces complex business challenges in a fast-changing, competitive and volatile market. The company is ambitiously expanding its market base, taking on new markets in the Middle East, China and the Americas. This plan poses significant technical and strategic challenges for the organisation, and demands strong performance in terms of product development and marketing.

The technical demands of internationalising and localising its product range are being successfully addressed by the company, which has invested in employing the right people for the challenge.

The strategic challenge of marketing its products in diverse international markets is addressed by aligning the products with the most widely recognised international certification standards, such as ICDL.

Questions arise regarding the best business model for developing and delivering the products on a global scale. Currently, the entire product lifecycle, from research and development through design and production, to sales and support, is delivered from the company's Dublin base. In future, the company may consider focusing its Dublin operation on high-end research and development functions, with more routine functions such as programming and testing being located elsewhere.

*“Electric Paper claims it has already achieved a great deal of competitive advantage and flexibility from communicating effectively with its employees. According to MD Jonny Parkes, it is important for the company to embrace the spirit of the new Directive, and he believes that the technical arrangements for implementing the Directive will be relatively straightforward.”*

### Meeting the challenges

The company identifies three strands to its competitive performance:

**People** The company depends on having a strong talent bank, but avoids having a narrow technical culture in the organisation by deliberately seeking out a mix of people from different backgrounds. The company has put a lot of emphasis on its human relationship and employee relationship management, and has won awards from the Irish standard Excellence Through People, as well as the UK standard Investor in People.

**Processes** The company has put an increasing emphasis over the last few years on developing effective management processes. Company managers feel that the FÁS Excellence Through People programme has provided a very useful framework for progressive management practices in the organisation.

**Systems** The company has focused on rolling out effective systems, including back-end IT systems, to support the management and workforce.

### Existing information and consultation practices

The company would be typical of many technology firms both in the way it organises its work, and in how the information and consultation dynamics in the organisation operate.

In terms of strategic consultation staff from team leader level upwards are typically involved in the planning and design of issues such as product development and work changes. Product strategy groups meet to look at the development and deployment of each product from a cross-functional perspective on each of the four core stages of the product life cycle.

In terms of operational issues, the company operates a structured team-working approach, providing information via senior management through team-leaders into project teams, while the team leader also channels the views and ideas of staff back to senior management. Formal post-project review methodologies are employed.

Media including company handbooks, intranet, email, notice boards, audio-conferencing and web-based

video conferencing with foreign offices are all used as modes of communication with staff.

At an individual level, management conducts regular performance reviews with employees, incorporating training and development reviews.

### Planning for the EU Information and Consultation Directive

Electric Paper claims it has already achieved a great deal of competitive advantage and flexibility from communicating effectively with its employees. According to MD Jonny Parkes, it is important for the company to embrace the spirit of the new Directive, and he believes that the technical arrangements for implementing the Directive will be relatively straightforward.

He doesn't believe that the EU Directive will require the establishment of completely new structures or mechanisms, rather it is more likely that existing practices in the company will need to be refined and formalised. While the company has not used the type of 'consultative' terminology that appears in the Directive, it would always have held the view that effective two-way communication constitutes good listening as well as information provision.

*Cathal O' Regan*

*For further information on the Information and Consultation Directive, see [www.ncpp.ie](http://www.ncpp.ie)*

*“In terms of operational issues, the company operates a structured team-working approach, providing information via senior management through team-leaders into project teams, while the team leader also channels the views and ideas of staff back to senior management.”*

## Forum on the Workplace of the Future

### Making technology work for Ireland

Ireland should develop a greater reliance on home grown talent and innovation, not because it is an inherently better platform for growth, but because national competence in innovation is a necessary requirement in the ongoing competition for international investment. In addition, the changing nature and use of technology in business will require greater levels of technological competency in the Irish workforce.

Innovation in how new technology and new uses for technology are incorporated into the workplace is an important platform for economic growth. Increased innovation raises issues such as change management, leadership, employee learning, flexibility and involvement. These have always been workplace issues but they are increasingly becoming issues of national priority.

#### **The take on technology**

Ireland is a technology taker. This has proved very successful for the Irish economy. Technology taking as a national strategy is based on attracting and using technology through foreign direct investment from multi-nationals.



TABLE 1 Technology balance of payments as a % of GDP

Country	Year	% of GDP
Ireland	2001	-8.15
Portugal	2001	.28
Norway	2000	.14
Italy	2001	.07
Mexico	2001	-.06
Finland	2001	.04
Japan	2000	.12
US	2001	.22
Denmark	1999	.35
UK	2001	.60

Source: OECD, TBP Database, May 2003

TABLE 2 Direct foreign investment 2002

Country	US \$ Billions
Ireland	19
Denmark	6
China	53
India	3.5

A recent public session of the Forum on the Workplace of the Future focused on the impact of technology on the Irish economy. Professor Roy Green<sup>1</sup> outlined that, as a national economy Ireland has been extremely successful in the production and export of knowledge-intensive goods and services. For example, despite a much lower R&D spend than Finland's or the OECD average, Ireland has a higher share of trade in highly R&D intensive industries (Figure 1).

This international competence is based largely on externally generated knowledge and technology. Balance of payments figures for technology illustrate the level of

dependency in Ireland on external knowledge (Table 1). The European Union is a net technology importer. However, the size of the Irish dependency is unparalleled. No other country in the EU/ OECD is so heavily indebted to foreign sources of innovation and knowledge. It reflects the strong presence of foreign affiliates and their tendency to import technology from their home markets.

Technology balance of payments include receipts and payments made through patents, licences, disclosure of know-how, franchising of designs, trademarks and patterns, services with technical content and industrial R&D. As most transactions correspond to transactions between

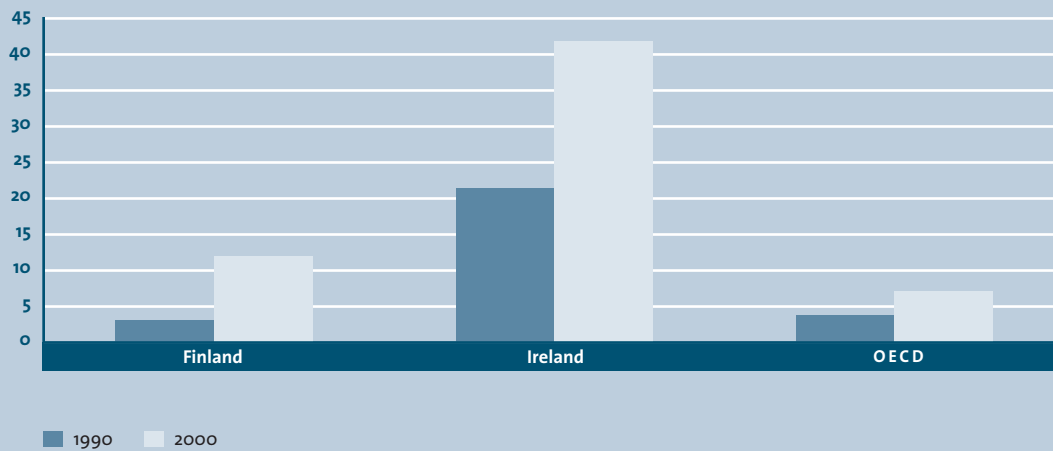
parents and affiliate companies they are subject to distortion. However, as a percentage of GDP, Ireland's deficit between receipts and payments is the highest in the OECD. This suggests that a particular challenge for the Irish economy is the development of indigenous home grown innovative capabilities.

### Technology: The rules of attraction

Attracting foreign technology is a competitive business. Ireland is now in open competition with emerging investment regions in the Far East. In 2002, inward investment in Ireland was over US\$ 19 billion. Denmark attracted US\$ 6 billion in the same year. However, China attracted US \$53 billion in foreign direct investment and India received US\$3.5 billion (Table 2). Much of this activity is at the lower end of the

<sup>1</sup> Professor Green is the Dean of Commerce at NUI Galway and a member of the Scientific Steering Group of NUI Galway's Centre for Innovation & Structural Change (CISC). He is Chair of the Anticipating and Managing Change in the Private Sector Panel of the Forum on the Workplace of the Future.

FIGURE 1 World trade in highly R&amp;D intensive industries (% of GDP)



*“It is critical that Ireland invests heavily in its innovation system.”*

technology scale. However, the Enterprise Strategy Group recently reported that China has recognised advantages in high tech manufacturing and R&D. India is also rapidly moving up the value chain, with major investments in e-Commerce and software development from companies such as IBM and GE.

Irish companies are also making significant investments in international economies. For example, in 2001, outward direct investment by Irish companies was US \$5.8 billion.

Ireland’s attractiveness as an investment location continues to be based on key selling points such as labour costs, EMEA market access and an improving ICT infrastructure. However, companies are now trying to achieve competitive advantage in other areas. For example, the nature of government regulation is a key consideration. There is also ever-growing attention to the knowledge and skill base that an economy has to offer, and in how government policy is moving to meet the vision of a workforce of the future. There is growing evidence that companies

are prepared to make significant international investments in core innovation and development work. For example, the Bell Labs investment by Lucent technologies in June 2003 means that Ireland will become a global headquarters for research into telecommunications and supply chain technologies.

#### **Technology: The rules of engagement**

How technology is used in business is also changing. The trend internationally is towards greater integration, disruptive innovation, open systems and design modularisation. There is less certainty about the specific technologies and less certainty about the impact of technology. The Forum heard from Professor Mike Best<sup>2</sup> that organisations like Intel and Canon are setting new and ever increasing standards of performance — in marketing and technical terms. In the Canon system, technology is focused on customer needs and the ability to rapidly develop new products. In the Intel model the focus shifts towards

2. Professor Best is Director of the Anticipating Technology Trends project at the University of Massachusetts Lowell. He delivered the keynote address at a Forum conference on June 28th 2004. See [www.ncpp/forum](http://www.ncpp/forum) for details.

*“The nature of international investment flows and the role of technology in business is changing rapidly. This focuses critical attention on the ability of the workplace to utilise and develop more advanced and diverse forms of technology.”*

innovation based on advanced and often radical integration of new materials, production systems or manufacturing capabilities.

This draws attention to two key areas for competitive advantage: the work force and the national system of innovation. Increasingly, the ability of the workforce to utilise and work with more complex and diverse technologies is a key factor attracting international investment for Ireland. However, the national innovation system should also be developed as source of competitive advantage.

### **Meeting the technology challenge**

Ireland’s recent economic success relied on its ability to both attract and use foreign technology for competitive advantage. Maintaining and developing this ability will require greater emphasis on what is happening within Irish workplaces.

The nature of international investment flows and the role of technology in business is changing rapidly. This focuses critical attention on the ability of the workplace to utilise and develop more advanced and diverse forms of technology.

Ireland has developed a competency as a technology taker rather than a technology leader. Ireland continues to spend less on R&D and have fewer researchers per ‘000 than countries like Finland. It is critical that investment is now made in the

Irish innovation system, by increasing R&D spend and the number of researchers.

In addition, the organisational and institutional side of innovation should be developed. The attraction of foreign investment is dependent on a more complex set of incentives. Cost, regulation and infrastructure are the minimum requirements. Skills, competencies and ongoing capacity for learning create competitive advantage for international investment — from foreign-owned and indigenous companies.

The workplace can be seen as a central pillar in a knowledge and innovation driven economy. It can be seen as part of the solution for national competitiveness rather than part of the problem. The workplace can be recognised as a source of new opportunities. Properly resourced and progressively managed, it is a platform for developing and exploiting new technology.

However, it should also be recognised that emerging investment and technology usage patterns will create serious challenges for particular sectors, companies and groups of workers. This challenge should also be carefully planned for and managed.

*Larry O’Connell*

## Information & Consultation Directive

### **Staff consultation: fourteen Irish companies highlight the benefits**

The incoming Information and Consultation Directive represents an opportunity to foster and deepen joint management-employee approaches to anticipating and managing organisational change. The Centre's new publication *Information and Consultation – A Case Study Review of Current Practice* details the results of its EU-sponsored research project on information and consultation activities in fourteen public and private sector organisations. It shows that good practice is widespread across Irish enterprise, in both large and small companies and that innovative information and consultation processes have a positive impact on organisational performance generally and on change management in particular.

### The case for informing and consulting

While recognising the challenges posed by the Directive, the Centre's work confirms the strong case that exists in relation to improving and enhancing current information and consultation practices. Table 1 outlines the list of benefits that management and/or employee representatives associated with a culture of informing and consulting with employees. Firstly, both management and employee representatives highlight the contribution that effective and meaningful information and consultation practices can make to general organisational performance. It enhances competitiveness, improves service delivery and customer focus and increases employee understanding of key organisational goals and objectives. Secondly, a more participatory approach generates better-informed decision-making and increased organisational adaptability and flexibility.

TABLE 1 The benefits of informing and consulting with employees

<b>Organisational performance</b> <ul style="list-style-type: none"> <li>• Increased competitiveness</li> <li>• Better customer service and customer focus</li> <li>• Improved understanding of organisational goals and performance</li> </ul>	<b>Human resources / Industrial relations</b> <ul style="list-style-type: none"> <li>• Better staff-management relationships</li> <li>• Improved IR culture</li> <li>• Increased trust and openness</li> <li>• Increased employee commitment</li> <li>• Increased employee involvement</li> </ul>
<b>Organisational capability</b> <ul style="list-style-type: none"> <li>• Better informed decisions</li> <li>• More joint problem-solving and innovation</li> <li>• Increased adaptability and flexibility</li> <li>• Effective implementation</li> </ul>	<b>Employee benefits</b> <ul style="list-style-type: none"> <li>• Increased employee voice</li> <li>• Increased job satisfaction and autonomy</li> <li>• Better working environment</li> <li>• Sense of being valued</li> </ul>
<b>Change management</b> <ul style="list-style-type: none"> <li>• Openness to change</li> <li>• Flexible and adaptable ways of working</li> <li>• Increased capacity for continuous improvement</li> <li>• More employee engagement in change</li> </ul>	

TABLE 2 Managing change initiatives – the role of informing and consulting

Organisation	Change initiative
Roches Stores	Development of Stock Control System / refurbishment and rebranding of Store / store design and layout
GE Interlogix	Environmental Health and Safety/ Relocation of factory/ new working practices
Allianz	Establishment of new corporate team/ introduction of direct line service delivery
Nortel Networks	Closure of manufacturing division
ESB	Organisational restructuring/ safety strategy
VHI	On-line Performance Management System
GMIT	Merger of two departments
Medtronic	Product Development/new working practices/ quality control and a range of HR related initiatives
Dell	Resource Deployment/changes in working practices
Barnardos	Work/life Balance/ enhancing professional practice
Electric Paper Co.	New product development
Dublin City Council	Restructuring the Mechanical Services Division
Beckman Coulter	Continuous Improvement Programme
Multis	Change in business focus/ waste management

In relation to HR and/or industrial relations, effective practices and procedures for informing and consulting are associated with more open and co-operative staff-management relationships. In unionised organisations there is a better industrial relations climate. Effective information and consultation also underpins improvements in both employee commitment and involvement.

Respondents also noted the benefits for employees. The development of progressive communications strategies affords increased opportunities for employee voice within individual organisations. The opportunity to have a say or at least be listened to is important in creating a positive working environment. Staff feel they are valued. Similarly, increased opportunities for involvement and participation are associated with improved levels of job

satisfaction and greater autonomy over certain aspects of their work.

A core part of the business case for better information and consultation practices is its potential to contribute to an organisation's strategic capability for managing and anticipating change. Table 2 lists a number of specific change initiatives which respondents from the case studies considered had been managed more successfully as a result of informing and/or consulting with employees.

In several instances the adoption of a more sophisticated approach to employee engagement improved the organisation's capacity to anticipate and/or drive change. In virtually all of the case studies, management and employee representatives concur that informing and consulting with employees fosters a greater acceptance of organisational change. Developing a better understanding of why and how change is occurring prevents uncertainty,

which if not addressed can damage employee morale.

The development of more sophisticated procedures for informing and consulting with staff in several organisations provides a platform for employees to pro-actively engage with and drive the change in question. Actively 'tapping into' the collective knowledge of employees improves the impact of the change being introduced. A link between implementing change successfully and increasing levels of job satisfaction and work commitment also exists.

Importantly, the change initiatives outlined in Table 2 are part of overall organisational strategies for improving performance. They relate to issues such as improving service delivery, refocusing the business, improving efficiency, encouraging more flexible working, or stimulating innovation.



*“Designing effective systems for employee voice enables organisations to tap into the collective knowledge, experience and expertise of their key competitive asset – their employees.”*

### Key lessons and issues

Across the fourteen organisations the following key issues and lessons emerged in relation to current practice for informing and consulting with employees:

The majority of organisations, in this project, adopted a relatively progressive and wide ranging approach to informing, communicating and consulting with employees, which has established a good platform on which further progress can be built.

A more forward-thinking approach to informing and consulting with employees would appear to be premised on the fact that many of the organisations in question have clearly identified communicating, informing and engaging with staff as an integral part of their business and organisational strategies. In particular, designing effective systems for employee voice enables

organisations to tap into the collective knowledge, experience and expertise of their key competitive asset – their employees.

In general managers are more at ease with informing rather than consulting, in part due to concerns that the latter impinges on managers’ right to manage. There is clearly a variable level of enthusiasm for adopting a more participatory managerial style not only between, but within the case study organisations.

Despite the disquiet evident amongst certain sections of management, it is also evident that the organisations involved in this study have attempted to progressively increase the scope and quality of individual and group consultation. In these instances, employee consultation is seen as supporting rather than challenging the right of managers to manage.

Although the case studies provide strong evidence of the promotion of a more participatory approach to management, they also highlight the fact that consultation, whether with individuals or groups, is less prevalent in the early planning stages of organisational decision-making compared to the mid-planning or implementation phases. The caveat to this trend is in unionised companies, where early consultation on pay issues and changes in working practices is the norm. However, even at the implementation stage consultation can improve acceptance of change.

In some instances, initiatives for employee dialogues are little more than communication systems, which provide employees with very little influence on matters that affect them. In others, the distinction between informing and consulting is blurred especially in those organisations that promote

*“While the nature and shape of future legislation will be pivotal in determining the impact of the Directive on organisations, one can assume that for many organisations there will be changes to current culture and practices. For example, these might include earlier and increased levels of consultation, more regularised information flows and in some instances new systems of indirect employee representation. These changes are clearly significant.”*

two-way communication, employee involvement and upward problem solving. A reliance on informal dialogue and highly personalised relationships further blurs the distinction.

The case studies also highlight the fact that direct and indirect practices for informing and consulting are complementary and mutually supportive activities. The interaction between direct and indirect mechanisms affords unions the opportunity to function as an important conduit for employee views.

There is agreement across the case study organisations that their current approach to informing and consulting is very much a work in progress. In many instances management concur that they are only beginning to explore its potential. This, however, has encouraged a willingness to experiment and innovate with different mechanisms and practices.

Critically, making good information and consultation happen requires more than putting certain mechanisms in place, as it is the implementation of the practices and procedures that is the key. In particular the case studies suggest that the visible and continued support of top-level management for a participatory management culture is pivotal. Consequently, the key to more effective informing and consulting lies not so much in the institutional arrangements that are adopted per se, as in the context, manner and spirit in which they are introduced and progressed.

### **Attitudes towards the Directive**

The majority of management respondents express their support for the general aims and spirit of the Directive, balanced with the need to ensure that any future regulation will not constrain competitiveness and flexibility. The management interviews also highlight a number of issues of concern, which the legislation for transposing the Directive into Irish law will have to address in an appropriate and practical manner. These issues include:

- The need for flexible arrangements
- Confidentiality
- The relationship with existing IR structures
- The distinction between consultation and negotiation
- The locus of decision making within multi-national corporations.

There is also agreement that meeting the requirements of this Directive will pose challenges to organisations.

While the nature and shape of future legislation will be pivotal in determining the impact of the Directive on organisations, one can assume that for many organisations there will be changes to current culture and practices. For example, these might include earlier and increased levels of consultation, more regularised information flows and in some instances new systems of indirect employee representation. These changes are clearly significant. Although the Directive represents an important development in Irish employment relations, its impact on current

*“Given that there is a strong consensus that communication and involvement strategies in most organisations are works in progress, the Directive’s emphasis on strengthening dialogue and building mutual trust appears to correlate with the direction in which many organisations are headed anyway.”*

approaches towards informing and consulting with employees will take time to evolve.

What it will do initially is establish a legislative framework to enhance and improve practices and procedures for informing and consulting. This may necessitate the development of new institutional arrangements within organisations, and as such represents a significant development. For those organisations that currently lack any forms of indirect representation the Directive will be a new departure. In other instances however, improvements may be achieved by the adaptation, reconfiguring and/or formalising of existing arrangements. Given that there is a strong consensus that communication and involvement strategies in most organisations are works in progress, the Directive’s emphasis on strengthening dialogue and building mutual trust appears to correlate with the direction in which many organisations are headed anyway.

### **Developing good practice**

The Centre has produced an informative and user-friendly guide to the Information and Consultation Directive. It is a step-by-step guide for trainers, employers, employees, trade unionists and employee representatives. It also identifies the principles underpinning a framework of good practice. It is available from the Centre at [www.ncpp.ie](http://www.ncpp.ie).

*Damian Thomas*

*Damian was the project manager on the Centre’s EU-sponsored research project on the Information and Consultation Directive.*

