

Two Realities on Workplace Practices: Can the Gap between Views by Management and Employee Representatives Be Bridged through Joint Development Projects?

Tuomo Alasoini*, Asko Heikkilä*, Elise Ramstad* and Pekka Ylöstalo**

* Tekes – Finnish Funding Agency for Technology and Innovation
P.O.Box 69, 00101 Helsinki, Finland

** Finnish Ministry of Employment and the Economy
P.O.Box 32, 00023, Government, Finland

This paper examines views by management and employee representatives on the adoption of high-involvement innovation practices at their own workplaces and whether the differences found in the views can be narrowed through joint development projects funded by a public R&D programme. The empirical material derives from a survey carried out by the Finnish Workplace Development Programme TYKES (2004-2009). The analysis does not show statistically significant differences between the views of the two groups concerning structural preconditions for employees' direct participation in development and continuous-improvement activities and information sharing practices at the workplaces. In issues related to personnel competence development practices, the enabling role of supervisors and the state of labour-management cooperation, instead, statistically significant differences are found. The results may be explained by different sources of information and value standards used by management and employee representatives in their assessments and differences in their structural positions at the workplace.

INTRODUCTION

A serious shortcoming in many empirical studies on the incidence of high-performance (or high-commitment or high-involvement) workplace practices and their link with organizational performance outcomes is that the studies one-sidedly rely on information given by management. The adoption of such practices is based on views of management alone. Likewise, in cases where organizational performance is measured by using subjective indicators, the only informant is usually management representative. One of the few exceptions to this rule is the UK Workplace Employee Relations Survey (WERS) in which information has been gathered separately from management representatives, union representatives and non-managerial employees. The WERS98, for example, clearly shows that conclusions drawn on the relationship between the incidence of high-commitment management practices and the climate of employee relations at the workplace level is highly dependent on which group is used as the respondent (Cully *et al.* 1999).

The gap between information derived from management vis-à-vis employee responses may stem from different sources. Firstly, it is possible that the other party lacks some crucial information that the other party possesses on the use of some practice. This is probably the main (and often implicit) reason why researchers resort to management responses alone. It is also possible that management and employee representatives view existing practices from different perspectives and use different standards in making assessments. It is possible, for example, that management takes formal operating procedures as the main point of reference, while the responses by employee representatives may be more a reflection of "custom and practice", i.e. the informal organization. Godard and Delaney (2000) suggest that the presence or absence of high-performance practices and their link with performance outcomes may be obscured by biases caused by rationalizations, according to cognitive dissonance theory or attribution theory, when subjective assessments of management alone are used. Bacon and Blyton (2000, 1433) argue that in some cases it might be beneficial to use union representatives as main respondents as they might "be less susceptible to 'halo error' in associating high performance with certain management policies".

Following the argument developed by Pettigrew (1987), one might also consider the introduction of new workplace practices as a three-dimensional phenomenon. The *content* refers to the particular

areas of transformation under examination, or “what” is changed. The *process* refers to “how” the change was implemented and who participated in the planning and implementation. The third dimension, the *context* of change, refers to the issue of “why” the change was implemented and whether the context enabled the emergence of shared understanding between management and personnel of the reasons for the solutions made. There is empirical evidence showing that the effects of new workplace practices on performance outcomes are not dependent only on the content of such practices but also on the nature of the change process leading to the introduction of such practices (Ramstad 2007). There are good reasons to expect, in particular, that the higher the level of staff influence and labour-management cooperation during the process of change, the more unanimous the views of management and employee representatives on the incidence of certain workplace practices and their effects on performance outcomes.

This paper examines views by management and employee representatives on the adoption of high-involvement innovation practices at their own workplaces and whether the differences found in the views can be narrowed through joint development projects funded by a public R&D programme. “High involvement” here refers to employees’ ability, motivation and opportunities for participating in development and continuous-improvement activities (Bessant 2003). The empirical material derives from a survey by the Finnish Workplace Development Programme TYKES (2004-2009). The paper starts with a presentation of the programme and the survey. This is followed by empirical analysis. The paper ends with discussion of the results.

PROMOTION OF NEW WORKPLACE PRACTICES IN A PROGRAMME CONTEXT

TYKES (2004-2009) is a governmental R&D programme, coordinated by the Finnish Funding Agency for Technology and Innovation Tekes and implemented in cooperation with the social partners, for promoting simultaneous improvements in productivity and quality of working life (QWL) by funding development projects at Finnish workplaces. TYKES is a continuation to an earlier programme that was implemented in two phases, in 1996-1999 and 2000-2003 (Alasoini 2007). Support from the programme focuses on the work input of the experts (consultants or researchers) used in the projects. So far, more than 1,000 projects have been funded, covering over 3,000 workplaces of all sizes, in the private, the public and the non-governmental sector.

The workplace-level objective of TYKES is to help workplaces adopt new practices that will enable them to develop in a way conducive to *qualitatively sustainable productivity growth*. Productivity growth can be considered qualitatively sustainable when it subsumes improvement of QWL. This is manifested in greater opportunities for development and exerting influence at work for personnel, increased well-being at work, and strengthened internal cooperation and trust within the work community. In practice, in about 70% of concluded development projects, clear improvements in both productivity and QWL can be shown (Ramstad 2007).

Many studies and earlier development projects have highlighted good practices that have helped introduce qualitatively sustainable productivity growth in different kinds of workplaces. However, successful workplace-specific solutions are typically just that – workplace-specific and hence unique. The results of successful development projects cannot generally be transposed from one workplace to another without modification.

New workplace practices can collectively be described as social innovations, and it may be assumed that their capacity for being transposed is governed by the same factors as the diffusion of innovations in general. Rogers (2003) mentions the following principal factors related to perceived attributes of innovation: the relative advantage of the innovation; its compatibility, with the potential adopter’s current way of doing things and with social norms; the simplicity of the innovation; the ease with which the innovation can be tested by a potential adopter; and the ease with which the innovation can be evaluated after trial. In the case of new workplace practices, these contributing factors are usually not present to such an extent that the practices could be mechanically transposed from one context to another. More commonly, solutions implemented in

one workplace function as *generative ideas* for the others. What this means is that earlier solutions and models prompt new ideas and serve as inspiration and encouragement for self-motivated development work. Translating generative ideas into functional practices requires local redesign by the adopter (Alasoini 2006). Successful redesign requires from the adopting workplace a retrospective, collaborative and investigative analysis of its own mode of operation. Because of this, it was decided not to draw up a list of good practices in TYKES as a blueprint to be applied in development projects. Instead of helping workplaces adopt one-off solutions, the programme approach has been that it is more sensible to define characteristics that can help workplaces undertake continuous development.

Generally speaking, there are three such characteristics that are given considerable importance in TYKES (Alasoini *et al.* 2008). *Firstly*, the workplace must have development competence regarding products and services, production processes, work organization, management, and so on. *Secondly*, the workplace management and personnel must have the capacity and the willingness to commit to genuine cooperation in development. Broad employee participation in development aiming at qualitatively sustainable productivity growth is of the utmost importance. Through such participation, the development competence of the entire organization improves, there is more commitment to the solutions generated, and the scope of the development broadens. Solutions are also better because they take into account those dimensions of QWL that are important for employees. *Thirdly*, the workplace must be able to use external networks competently to support its development measures as necessary. The use of external experts brings complementary knowledge in support of development work, and often enhances innovativeness of new solutions and enables more comprehensive change taking place at the workplace (Ramstad 2008).

As operating environments become increasingly complex, fluid and unpredictable, workplace competitiveness is increasingly dependent on the capacity for continuous improvement. This means that the focus in workplace development must be not on searching for one-off solutions but on changing and developing the whole workplace mode of operation. These premises are well in line with what Bessant (2003) calls as principles and practices for high-involvement innovation.

THE HIGH-INVOLVEMENT INNOVATION PRACTICE SURVEY

The High-Involvement Innovation Practice Survey is aimed at a selected group of workplaces participating in TYKES development projects, both at the beginning of the project and at its conclusion. The survey is given separately to a representative of management (production or personnel manager) and of the largest personnel group (chief shop steward or staff representative) using an online form. The purpose of the survey is to investigate high-involvement innovation practices – i.e. managerial and organizational practices that support continuous improvement and broad employee participation – at the workplaces, viewed by the two parties, and to monitor the effects of the projects on the use of these practices. The monitoring data is derived from differences between the entry and exit surveys. Workplaces are selected for the survey using the following five criteria: at least 10 employees participate in the project; at least 25% of the personnel participates in the project; the funding received by the workplace from the programme is at least EUR 10,000 (EUR 5,000 for a local government workplace); the duration of the project is at least 10 months; and no more than three workplaces are selected for the survey in each project. The purpose is to pinpoint the workplaces that participate in development projects the most intensively.

The focus is here on the effects of the projects on structural preconditions for direct participation in development and continuous-improvement activities and supporting managerial and organizational practices. The analysis of structural preconditions includes (1) the overall existence of certain high-involvement practices, (2) decision-making structures and (3) the role of work teams at the workplaces concerned. The supporting managerial and organizational practices comprise (4) information sharing, (5) personnel competence development, (6) the role of supervisors in supporting employees and (7) cooperation between management and personnel in development. The comparison is made between responses of management and employee representatives in the

entry and exit survey. The paper examines the differences in management and employee responses in the seven set of practices and whether, in the case of remarkable differences in the entry survey, these differences have been narrowed through a joint development project.

The comparison only includes workplaces that in April 2008 had responded to both the entry and the exit survey; the number of responses is 189 and 162, representing 107 projects and 117 workplaces. The entire entry survey material in April 2008 consisted of 723 responses (response rate 74%), and the entire exit survey material consisted of 225 responses (response rate 59%). The material under comparison was compiled from very different workplaces. 57% were private-sector workplaces, 24% was in local government, 14% from the non-governmental sector, and the rest were from agriculture and forestry and central government. The workplaces included in the material under comparison employ a total of 115,000 people, of whom more than 11,000 have actively participated in TYKES development projects.

EMPIRICAL ANALYSIS

High-Involvement Innovation Practices

Firstly, the paper examines the overall existence of nine high-involvement practices at the workplaces. The survey inquires whether the workplace in question applies teams or cells, development groups, performance-related pay, ISO-based quality standards, quality awards criteria (e.g. EFQM), human capital reporting, workplace health promotion, developmental discussion, suggestion schemes and balanced scorecard (BSC). According to management responses in the entry survey, five practices, i.e. teams, development groups, workplace health promotion, developmental discussions and suggestion schemes, are applied by a clear majority of workplaces. Three practices, i.e. performance-related pay, quality standards and human capital reporting, are applied by about 40% of the workplaces, while BSC is applied by 28% and quality awards criteria by only 10% of the workplaces. The gap between management and employee responses in most issues is small. The biggest differences are found in the use of BSC (14 % units) and workplace health promotion (11 % units); management regards the use of both these practices more widespread than employee representatives. In the first case, this might be explained by the fact that BSC is primarily a management tool and employee representatives, therefore, may lack information concerning its use at their own workplace. In the case of workplace health promotion, the gap might be explained by the fact that workplace health promotion is a vague concept, making management and employee representatives use different criteria in their assessments. Generally speaking, the views by management and employee representatives are mostly well in line with each other concerning the overall existence of these practices.

Decision-Making Structures

In the survey, the respondents are asked who usually makes a decision in different matters. The given alternatives are "the employee herself/himself", "a group or a team", "a supervisor or middle management", "top management", "someone else" or "the question is not applicable". According to management responses in the entry survey, a great majority of the workplaces have a decentralized structure for decision making (i.e. the decision is made by an individual employee or a team) in daily planning of an individual employee's work task. In about half of the cases employees or teams usually make decisions on weekly planning and in about third of the cases on quality control and maintenance as well. Supervisors and middle managers play the utmost role especially in the follow-up of results. In about half of the cases they also usually take the primary responsibility for purchasing, weekly planning and quality control and in more than every third case also for maintenance and the development of production and services. The role of top management is emphasized in the development of production or services (44%), while in all the other issues they play a lesser direct role.

Of the seven issues, there are statistically significant differences in only one issue; management respondents inform more often than employee respondents that daily planning is decentralized at the workplace. In the case of quality control, there also exist some difference but here it is the employee representatives who consider decision making on quality control to belong to the authority of individual employees or team more often than management respondents. All in all, the differences between the views by the two groups are small and they do not follow a clear pattern.

The Role of Work Teams

Teamwork is a widespread phenomenon at Finnish workplaces these days. The roles and responsibilities of teams, however, differ greatly from one workplace to another. The survey characterizes teams with nine features. The respondents are asked in the survey how well these features correspond with the features of the teams found at their workplace. About half of the management respondents in the entry survey inform that the description corresponds "well" in the case of the teams' responsibility for the quality of their work and the ability of their members to perform different tasks in the team. At more than every third workplace teams also decide on their day-to-day and weekly tasks themselves and at more than every fourth the teams have direct contacts with other teams at the workplace. Moreover, at about every fifth workplace the description corresponds "well" with the following three features: teams have direct contacts with parties outside the workplace, teams develop products and services and teams develop their operations continuously. Only at 6% of the workplaces, teams choose their own leaders and members. It is worth noticing that, in addition to this, in many cases teams have influence in these issues "to some degree". Once again, the differences between management and personnel responses in the entry survey are small and none of them is statistically significant.

Information Sharing

Information sharing at the workplace is the first of the supporting managerial and organizational practices under examination. This issue in the survey includes two items: personnel's knowledge on the key results targets of the whole workplace and those of their own work unit. On the whole, personnel's knowledge on the key results targets of their own work unit is far better than of those of the whole workplace. Also in this case the differences between management and personnel responses in the entry survey are small and statistically insignificant.

Personnel Competence Development

Practices to develop personnel competence are monitored by two questions. The first question concerns the proportion of employees at the workplace who have an individual training and development plan. Secondly, the survey examines participation in employer-paid training in the last 12 months.

The entry survey indicates that only 19% workplaces have drawn up an individual training and development plan for the majority of their personnel (Table 1). In the exit survey, this figure has gone up to 30%. It is worth noting that the percentage of workplaces where no employee has such a plan has dropped significantly (46% to 28%). The statistically significant difference between management (MGMT) and personnel (PER) responses found in the entry survey remains in the exit survey.

Participation in training paid for by the employer has also increased between the two surveys (Table 2). The percentage of workplaces where the majority of employees have participated in training has clearly increased. In the entry survey, 52% of workplaces had provided training for the majority of employees within the past year. This figure has gone up to 60% in the exit survey. As in the previous question, the statistically significant difference found between management and personnel responses in the entry survey still exists in the exit survey.

Table 1. Proportion of personnel with an individual training and development plan.

	ENTRY SURVEY, %			EXIT SURVEY, %		
	MGMT	PER	ALL	MGMT	PER	ALL
All	12	9	10	19	13	16
More than half	12	6	9	18	11	14
No more than half	36	34	35	40	44	42
None	41	51	46	23	32	28
Total	100	100	100	100	100	100
N	95	88	183	79	78	157

Table 2. Proportion of personnel participation in training paid for by the employer.

	ENTRY SURVEY, %			EXIT SURVEY, %		
	MGMT	PER	ALL	MGMT	PER	ALL
All	31	24	27	39	25	32
More than half	30	21	25	29	27	28
No more than half	34	45	39	29	43	36
None	5	11	8	3	5	4
Total	100	100	100	100	100	100
N	94	92	186	79	79	158

Role of Supervisors in Supporting Employees

The supervisory structure can play either a coercive or an enabling role with regard to employee performance at the workplace (Adler and Borys 1996). In the survey, the focus is exclusively on the enabling role of supervisors. The survey examines through three statements how management and personnel representatives consider the role of supervisors supporting employees at work and encourage their learning and opportunities for initiative and development. Examination of the results of the entry and exit surveys indicates a slight change towards a more supportive role for supervisors (Table 3). The most interesting result, however, is that there prevails, in both the entry and the exit survey, a statistically significant difference between management and personnel responses in all three items.

Table 3. Role of supervisors in supporting employees.

Scale (1=disagree completely, 4=agree completely)	ENTRY SURVEY			EXIT SURVEY		
	MGMT	Mean PER	ALL	MGMT	Mean PER	ALL
Support and encourage employees at work	3.21	2.83	3.02	3.33	2.88	3.11
Encourage learning and development of employees at work	3.31	2.84	3.08	3.38	2.93	3.16
Encourage employees taking initiative and develop new procedures	3.28	2.82	3.05	3.28	2.92	3.10
N	93	92	185	79	76-78	155-157

Cooperation between Management and Personnel in Development

The fourth set of supporting managerial and organizational practices concerns labour-management relations at the workplaces through four statements. The options available for the respondents are the same than in the previous section. There is a slight change towards higher trust and more collaborative relationships between management and personnel (Table 4). Here again, there

prevails a consistent, statistically significant difference of level between responses submitted by management and personnel representatives in all four items. In spite of the fact that personnel representatives have a more critical view than management, the workplaces participating in the TYKES programme, on average, have a relatively collaborative systems of employee relations.

Table 4. Cooperation between management and personnel in development.

Scale (1=disagree completely, 4=agree completely)	ENTRY SURVEY			EXIT SURVEY		
	MGMT	PER	ALL	MGMT	PER	ALL
Relationships between management and personnel are open and confidential	3.06	2.68	2.87	3.25	2.67	2.96
Management and personnel engage in genuine development cooperation	3.13	2.72	2.93	3.18	2.85	3.01
Management takes a constructive approach to personnel proposals	3.40	2.87	3.14	3.51	2.90	3.20
Personnel takes a constructive approach to management proposals	3.00	2.81	2.91	3.10	2.90	3.00
N	94	91-92	185-186	78-79	76	154-155

DISCUSSION

This paper examines differences between the views by management and personnel representatives on the adoption of high-involvement innovation practices at their own workplaces that participate in the TYKES programme. Conclusions drawn are based on a comparison between the results of the entry and the exit survey of the High-Involvement Innovation Practice Survey developed by the programme. The analysis focuses on seven sets of practices.

The empirical analysis, based on results from 107 concluded development projects and 117 workplaces that participated in the projects, indicates that there does not exist statistically significant differences between the views by the two groups of respondents concerning structural preconditions for employees' direct participation in development and continuous-improvement activities and information sharing practices. In issues related to personnel competence development practices, the enabling role of supervisors and the state of labour-management cooperation, instead, statistically significant difference of level between views by management and personnel representatives can be found. A comparison between the entry and exit surveys indicates a more active development of personnel competences after the conclusion of a project. Also a slight, but not yet statistically significant, change towards a more supportive role for supervisors and more collaborative labour-management relationship at the reformed workplaces could be observed, according to both management and personnel responses. The statistically significant differences between management and personnel views concerning these three sets of practices found in the entry survey remain in the exit survey.

The difference found in the case of personnel competence development practices might be partly explained by the fact that personnel representatives are not necessarily always fully aware of training and development opportunities that are provided to individual employees outside their own personnel group. For example, chief shop stewards representing blue-collar workers may underestimate the extent of training given to white-collar employees at the workplace. Another possible explanation is that the more positive views by management representatives may mirror the "halo error", mentioned by Bacon and Blyton (see above). The authors do not have information

available on the real proportion of personnel with an individual training and development plan or participating annually in employer-paid training.

Questions relating to the enabling role of supervisors and the state of labour-management cooperation in development reflect by their very nature more the attitudinal relationship prevailing between management/supervisors and rank-file employees at the workplace. One possible explanation to the gap between the two respondent groups is that they use clearly different standards when making assessments on managerial practices at the workplace, or that they have different overall expectations on what is "good management". The fact that the gap did not narrow as a result of a joint development project could be taken as an indication that the gap may be more a reflection of different structural positions of the two groups of respondents at the workplace than a consequence of lack of dialogue and cooperation as such. In case of the latter alternative, a joint development project at the workplace would be even difficult to implement.

REFERENCES

- Adler, P.S. & Borys, B. (1996) Two Types of Bureaucracy: Enabling and Coercive. *Administrative Science Quarterly* 41(1), 61-89.
- Alasoini, T. (2006) In Search of Generative Results: A New Generation of Programmes to Develop Work Organization. *Economic and Industrial Democracy* 27(1), 9-37.
- Alasoini, T. (2007) The Finnish Workplace Development Programme as an Expanding Activity: Results, Challenges, Opportunities In Pelletier, J. (ed) *Intervention Practices in Firms*. Lyon: Anact, 9-41.
- Alasoini, T., Heikkilä, A., Ramstad, E. & Ylöstalo, P. (2008) High-Involvement Innovation Practices at Finnish Workplaces. *International Journal of Productivity and Performance Management* 57(6), 449-459.
- Bacon, N. & Blyton, P. (2000) High Road and Low Road Team working: Perceptions of Management Rationales and Organizational and Human Resource Outcomes. *Human Relations* 53(11), 1425-1458.
- Bessant, J. (2003) *High-Involvement Innovation: Building and Sustaining Competitive Advantage through Continuous Change*. Chichester: John Wiley.
- Cully, M., Woodland, S., O'Reilly, A. & Dix, G. (1999) *Britain at Work: As Depicted by the 1998 Workplace Employee Relations Survey*. London: Routledge.
- Godard, J. & Delaney, J.T. (2000) Reflections on the "High Performance" Paradigm's Implications for Industrial Relations as a Field. *Industrial and Labor Relations Review* 53(3), 482-502.
- Pettigrew, A.M. (1987) Context and Action in the Transformation of the Firm. *Journal of Management Studies* 24(6), 649-670.
- Ramstad, E. (2007) Unresolved Couple? The Relationship between Performance and the Quality of Working Life and the Role of Development Approach. In Pelletier, J. (ed) *Intervention Practices in Firms*. Lyon: Anact, 93-108.
- Ramstad, E. (2008) *Innovation Generating Model – Simultaneous Development of Work Organization and Knowledge Infrastructure*. Helsinki: Tekes.
- Rogers, E.M. (2003) *Diffusion of Innovations*. 5th edition. New York: Free Press.