



June 22, 2011 (Wednesday) 55th EOQ Congress

CONCURRENT SESSIONS
KEMPINSKI HOTEL CORVINUS

Wednesday 8:30 – 12:30
Erzsébet tér 7-8, Budapest V.

SALON CORVINUS

Wednesday 8:30 – 10:30

23.1. PEOPLE INVOLVEMENT AND MOTIVATION I.

Session Chair: *János Takács, Electrolux Lehel Ltd., Hungary*

8.30 People Involvement and Workplace Cooperation for Quality: The Case of Universal Robina Corporation, Philippines

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Gatchalian, Jose C. (Philippines)

Dr. Gatchalian has several scientific degrees from the University of the Philippines and he also completed specialized courses in 1985 at the ILO Turin Centre in Italy and in 1973 at the Harvard University Business School in Boston, U.S.A. A former Dean and Professor of the University of the Philippines' School of Labor and Industrial Relations, Dr. Gatchalian is presently the Chairman of Quality Partners Co., Ltd. and a Fellow of the Strategic Studies Group of the National Defense College of the Philippines. He was a recipient of the Sikap-Gawa Industrial Peace Award of the Businessmen-Bishops Conference (BBC) in 1992. He is President Emeritus of the Philippine Industrial Relations Society (PIRS), and was a member of the Executive Committee of the International Industrial Relations Association (IIRA). He pioneered in the setting-up of Workplace Cooperation Programs in companies in Indonesia, the Philippines and other Southeast Asian countries.

Prof. Gatchalian was an invited speaker to EOQ, ASQ and the Middle East Quality Association Congresses and to several other international Conferences where he conducted technical workshops.

PEOPLE INVOLVEMENT and WORKPLACE COOPERATION for QUALITY:

THE CASE OF URC, PHILIPPINES*

by

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ABSTRACT

In the Philippines, the case of Universal Robina Corporation (URC) exhibits a particularly promising approach that centers on employee involvement and empowerment through the mechanism of Labor-management Councils (LMCs). The documented experience of URC showed a significant transformation of their quality and productivity efforts, achieved through the overall strategy of workplace cooperation.

Nationwide, plant-level LMCs in 16 different geographical locations were assisted in realigning their collaborative programs along these targets: (a) Effectiveness or “doing the right things”, such as value-adding, mutually beneficial activities that improve productivity, quality of products or services, profitability and competitiveness; (b) Efficiency or “doing things right”, such as joint programs that achieve results economically and productively; and (c) Quality or “doing things better,” such as applying modern tools and techniques for continual improvement, using quantitative measurements and statistics for problem-solving, following P-D-C-A cycle.

The long-run viability and success of enterprises such as the URC lie in their ability to mobilize their workforce in harmonious and cooperative relationships with management. Their experiences amply show why workplace cooperation strategies utilizing Labor-management Councils for enhancing quality and improving productivity are rapidly gaining acceptance in the Philippines.

Keywords: empowerment, employee involvement, harmony and cooperation, LMC councils

INTRODUCTION

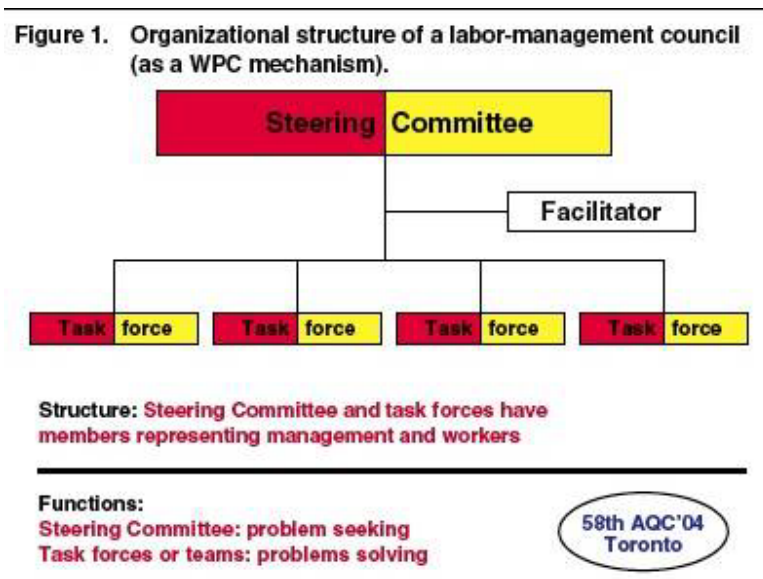
Workplace Cooperation (WPC) is a broad concept connoting mutual commitment between labor and management to “working together and working smarter.” In particular, its goal is to develop an ideal situation where management and workers are full partners in identifying problems at the workplace, jointly crafting solutions to those problems, and implementing the agreed-upon solutions together.

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The WPC concept encompasses an underlying philosophy, process and structure. It is based on the notion that greater cooperation between labor and management on matters of mutual concern can create a more satisfying, productive workplace. It centers on employee participation in day-to-day decision-making on matters that affect their jobs. The Labor-management Council is the vehicle that enables the partners to engage in group problem solving, open information sharing and development of team capabilities and skills.

Labor-management councils. As an operational mechanism for WPC, a Labor-Management Council (LMC) can be set up voluntarily by representatives of workers and management who meet to identify and resolve issues of common interest. These issues are normally separate from, and outside of, the scope of a contract or collective bargaining agreement if there is a union. Before setting up a WPC program, it is important to understand that it requires both:

- An organizational structure or body composed of management and labor representatives for jointly identifying, resolving, and implementing decisions on problems and issues of mutual concern to both partners (Figure 1); and
- A process of dialogue and exchange of information, leading to joint action and teamwork to address and resolve mutual issues and problems that affect work and work relations.



Communication and participation: underlying principles of WPC. Communication lies at the very heart of employer-employee relations and plays a crucial role in relationships at work. The quantity and quality of communication between management and workers at the enterprise level are significant factors in establishing and maintaining harmonious industrial relations. Information that may be shared can include daily issues that affect business. Communication channels should ideally provide management with feedback from the employees regarding programs or policies and their implementation.

Employee participation, on the other hand, is a crucial component of workplace empowerment. Empowerment involves decentralizing power and knowledge within the organization to enable individuals to participate in decision making on matters that affect their interests and welfare. It also provides them opportunities to contribute creative and innovative ideas to enhance product or service quality and improve productivity.

In many countries at present, the issue of workplace cooperation and people involvement is **no longer a question of “if” or “when,” but of “how.”** An increasing number of documented case studies attest to the effectiveness of WPC in institutionalizing harmonious relations between labor and management, thus facilitating productivity and quality improvement. The recent experience of United Robina Corporation in the Philippines is a particularly illustrative example of the implementation of the strategy of workplace cooperation in, this regard.

THE CASE OF URC (Branded Consumer Food Group), PHILIPPINES



Background. Preliminary discussions between key HR officers and the author elicited a mutual interest in helping build positive and productive working relationships in URC plants – by setting up an LMC structure and process. This led to a shared view that the end goal of such an approach should be a genuine partnership between employees and management at their workplaces, with joint involvement in as many cooperative engagements that are geared toward common goals of harmonious work relations, product quality and productivity.

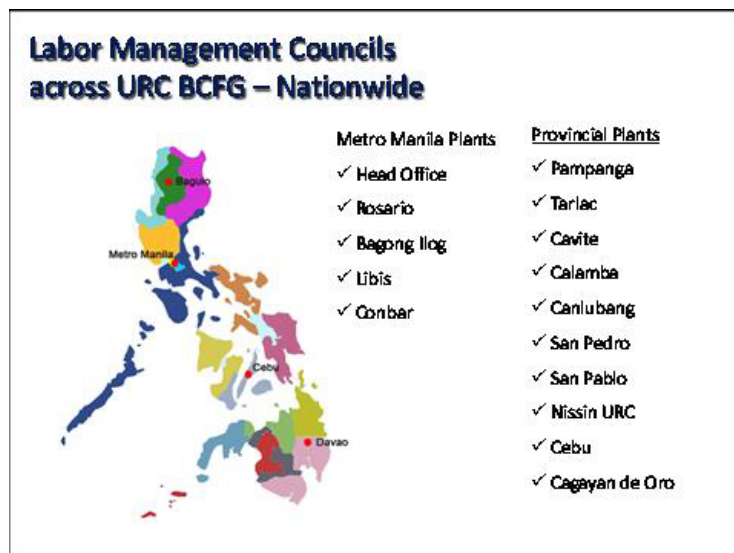
As shown by research-based case studies, augmented by wide-ranging professional experiences:

- Productivity can be improved by eliciting co-operation from employees and workers, and by providing opportunities for participation and involvement in joint problem solving.
- Work relationships can improve at the worksite with the opening up of clear, simple and **two-way** communication lines. This can also help in minimizing and resolving conflict.

- Service quality and productivity can also be enhanced if employees and workers are empowered and given ample opportunity to apply and contribute their creative talents.

Several initiatives in workplace cooperation had earlier been launched at different plants of the company all over the Philippines. However, different results and levels of achievements were observed in many of these worksites – with a modicum of success in some, while others became failed ventures. ***How can this state of uneven development be remedied and how can genuine workplace partnerships be established across the whole URC organization*** - was the challenge posed before the author and his associates, and before they were engaged as external consultants.

Intervention. One day learning sessions were conducted for all LMC officers and committee members in each of the sixteen (16) plants of the company in different parts of the country. The concept and practice of the new approach to workplace cooperation was explained and group discussions revolved around three basic questions by which the different plants could benchmark with each other.



Specifically, the following issues became the parameters and guidelines by which to gauge and align their programs and activities along the new strategy of joint collaboration:

A. **Doing the Right Things**: activities that help achieve major goals shared by workers and the employer, ex: mutually- beneficial, value-adding projects to improve work productivity, quality of products or services, employee welfare, health and safety, etc. (**effectiveness**).

B. **Doing Them Right** – activities that achieve results economically and productively, through the involvement and participation of all. Ex.: short but fruitful meetings of teams, LMC committees, problem-solving and joint study sessions - to solve mutual issues and concerns, and to insure that actions agreed upon are fully carried out. (**efficiency**)

C. **Doing Them Better** – applying modern tools & techniques for continual improvement, utilizing quantitative measurement and statistics for problem-solving, using a P-D-C-A strategy and documentation. (**quality**)

In brief, the contents of the learning sessions below aimed at the following specific objectives:

1. To upgrade level of understanding and elevate the operation of LMCs to more strategic, problem-solving activities that can contribute to better quality of products and services
2. To allow the different plants to benchmark their LMCs with each other, as well as with those LMCs of other companies, whether within or outside of the Philippines
3. To promote the sharing of best practices and other ways or means to synergize efforts.

URC REVISED SESSION APPROACH BASED ON REVIEW OF URC-HR	
TIME	SECTION
8:30 - 8:45	Introductions: Opening Remarks (c/o Nina & RBS) Classroom Guidelines Speaker's Profile
8:45 - 9:15	Leveling of Expectations Intro to Program Flow/Agenda using Quality Orientedness, Productivity and Profitability as backbone
9:15 - 9:30	Survey/Questionnaire results
9:30-10:00	Intro to Video: Enchanted Kingdom LMC (What do they observe or look for while watching the video) Video Proper Processing of Video: Ask probing and open-ended questions to get the group's reaction and initial thoughts about the video
10:00-10:15	AM BREAK
10:15 - 12:00	- benchmark with other LMCs and show how LMCs can be successful by contributing results beyond the typical SSS - relate the positive model LMCs to the participant's own (Is his LMC a reactive or a proactive one? With how the URC LMC is set up and how we now see the other LMCs in other companies and industries are set up, how should the URC LMC be now set up and be operated?) - soft introduction to Fish Bone technique just as it was used by EK - pre-identification of issues/concerns in the plant that the LMC can help solve
12:00 - 1:00	LUNCH BREAK
1:00 - 1:10	Energized Group Dynamics
1:10 - 3:15	Action Planning: Identify 1 goal, discussion and application Fish Bone Diagram, identify and OIP activities
3:15-3:30	WORKING PM BREAK
3:30 - 4:30	Presentation of Plans: 10 minutes presentation, 5 minutes Q&A from fellow pax and from OIP Recap/Summary of Presentations and Workshop by OIP "Once Around the Room" sharing of learning and main take aways Closing Remarks c/o Beth Ato (HR Manager, GMA) Program Evaluation Awarding of Certificates
4:30 - 5:30	Photo Op

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WORKPLACE COOPERATION AT URC – A CONTINUING JOURNEY. In September last year, at the 19th Annual Convention of the Philippine Association of Labor Management Councils (PALMCO), an invited speaker presented the URC Story before some 200 participants from the private and public sectors, academe and civil society. In essence, the presenter affirmed the recent developments at URC from the company perspective (see timeline in the ff. diagram):



From the timeline in the diagram, three significant periods correspond to three stages of development:

- A. Prior to 2000 – a period of “storm and stress”
- B. 2001 – 2007 – “opening of minds”
- C. 2008 Onwards – “growth”

Significantly, the growth period came after the Program of Intervention by the Quality Partners Co., Ltd. which involved the conduct of learning sessions and workshops, including a review of the activities of the LMC subcommittees and the alignment of over-all objectives – focused on long-term partnerships.

While the recency of events may not be discounted, still the observed progress of the URC has to be taken into account, especially in the following aspects (as shown by their presentation below):

1. Higher employee productivity,
2. Collective Bargaining Negotiations (CBA) concluded in average of two meetings
3. Disciplinary issues and concerns resolved at the plant level

Fruits of our Partnership



- Higher employee productivity
- CBA Negotiations conclusion in an average of 2 meetings
- Disciplinary Issues and Other Concerns resolved at Plant Level



CONCLUDING NOTES. As the URC story continues to unfold, the installation of workplace cooperation in the company can be considered as still a work in progress. The intervention program implemented by the Quality Partners Co., Ltd has been quite brief, and had not been measured in terms of impact. Nevertheless, the momentum for transformation and progress has been started and the quality of work and work relations nexus has been established. ***

SELECTED REFERENCES

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