



## **June 20, 2011 (Monday)      Pre-Congress Seminars**

**KEMPINSKI HOTEL CORVINUS**

**Erzsébet tér 7-8, Budapest V.**

**SALON BANDINI**

### **6.1-2. Pre-Congress Workshop 2b**

**Monday 14:00 – 17:00**

#### **14.00 Workplace Cooperation – An Approach to Productivity & Quality**

*Jose C. Gatchalian, Workplace Cooperation (WPC), Philippines*

*May Ann G. Kuik, Quality Partners Company, Ltd., The Netherlands*

#### **Gatchalian, Jose C. (Philippines)**

Jose 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. As a former Dean and Professor of the University of the Philippines' School of Labor and Industrial Relations, Dr. Gatchalian is presently 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). Jose Gatchalian pioneered in the setting-up of Workplace Cooperation Programs in companies in Indonesia, the Philippines and other Southeast Asian countries.

#### **Gatchalian-Kuik, May Ann (The Netherlands)**

Born in The Philippines she earned a Bachelor of Arts degree in Mass Communication (Communication Research) at the University of the Philippines. She worked as a research assistant at the Institute for Small Scale Industries at the University doing video documentaries. In 1991 she was sent to the Cranfield School of Management in Bedford, United Kingdom to take short courses on the Promotion of Small Business. She has produced video documentaries for schools in Lesotho and South Africa. In 1995 she continued to work at home in The Philippines as the coordinator for a Managers Course program.

To this day Ms. Gatchalian-Kuik is actively involved in the various activities of Klippeholm Primary School in Hoofddorp, The Netherlands.

# **Workplace Cooperation** **-for Productivity & Quality**

**J.C. Gatchalian, Ph.D  
& May Ann G. Kuik**

**Pre-Congress Workshop, 55<sup>th</sup> Congress,  
European Organization for Quality, Budapest,  
Hungary, June 20-23, 2011**

## **21<sup>st</sup> Century Workplace is Different:**

- Increasing globalization & competition
- Impact of technology on working life
- Importance of the “human factor” in work



## Planning for improvement

Where are we now?

[What is our present situation?



What do we need to do?

[Actions needed to get there]

Where do we want to go?

[What do we want for the future?

## **People – the most important and promising area of productivity improvement.**

- **As principal resource & central factor in productivity**  
**-people have roles in the organization: as workers, engineers, managers, and trade union members.**
- **People differ in ability & in their will to work.**
- **Motivation is basic to all human behavior, and productivity improvement.**

## **Increasingly, experience shows that:**

- **Productivity can be improved by eliciting co-operation and participation from workers. Labor participation in goal-setting is quite successful.**
- **Work relationships can improve by opening up clear and simple communication lines, and by minimizing conflict at the workplace .**
- **Labor productivity can be tapped - if workers are encouraged and given the opportunity to apply their creative talents.**

### Some “technocratic” mistakes and other errors:

- Too much on measuring, collecting and reporting data, but too little on practical action to improve performance.
- Undue reliance on new technology, incentive schemes, QCs, etc. used inappropriately or with no commitment.
- Productivity is still synonymous with traditional cost-cutting; with working harder, not with working smarter.

(Prokopenko, Productivity Management, ILO, 1992)

- Neglect of “human factor and potential” in productivity!

### Why is Toyota different from General Motors?

- There was a year that General Motors lost \$10.6 billion while Toyota made over \$11 billion!
  - In past year, GM announced the closing of many plants w/layoffs of over 30,000 people. In same year, Toyota was opening new plants in North America – no worker has been laid off for the last 50 years.
  - Why is GM failing & Toyota continues to succeed?
  - “Respect for People” – Toyota motto makes them treat employees as members of the company “family” and not “expendable extensions of a machine.”
- \* When Toyota was looking to hire less than 2000 people in a new plant in Texas - more than 115,000 applied!

Norman Bodek, Rebirth of American Industry





## FROM CONFRONTATION TO COOPERATION

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# Competitiveness

Ability of individuals, firms or countries to secure a most advantageous position or niche in a changing market environment:

competitiveness is increasingly based on quality, speed, technical superiority, service and product differentiation -

rather than relative cost advantages.



## Wake-Up Call

- **LGE cannot compete** without continuous improvements in productivity.
- **LGE cannot compete** unless it makes top quality products for the global market.
- **LGE cannot make top quality products and continuously increase productivity - unless the union and management cooperate with each other!.**

### **ILO/USA Declaration Project/Indonesia**

## **“Promoting Productivity and Competitiveness through Workplace Cooperation (WPC )”**

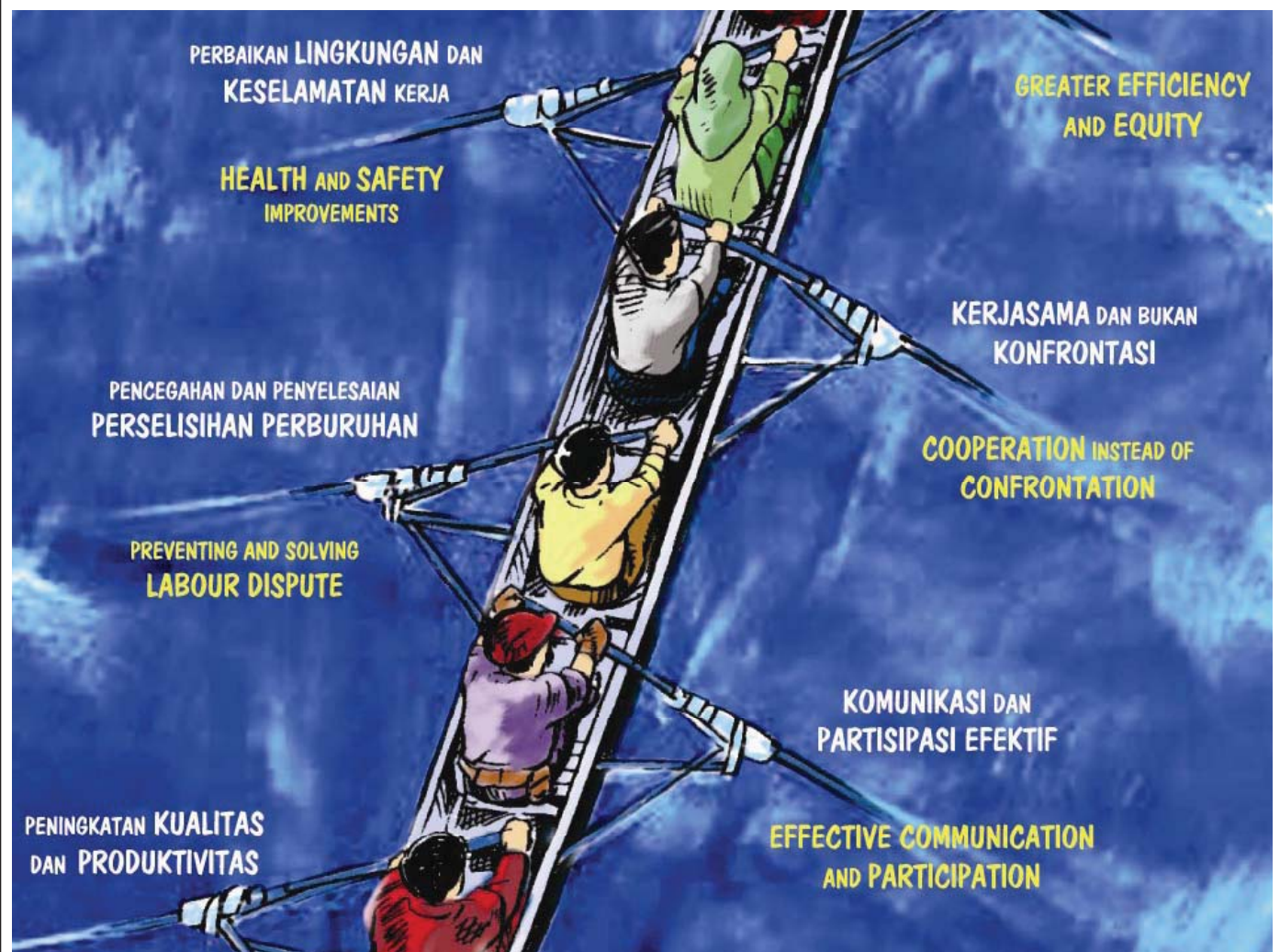


Prof. Jose Gatchalian (University of the Philippines), Alan Boulton (ILO Director in Indonesia), Susanto (Deputy Director of Industrial Relations Institution, Ministry of Manpower), and Haryono Darudono (Deputy Secretary of Apindo).

### **ILO/USA Declaration Projects**

- A. Productivity and Competitiveness  
thru Workplace Cooperation in Indonesia**
- B. On-going project in Vietnam**
- C. Planned project for Cambodia**





**The workplace - is the basic foundation of the economy**

***Global competitiveness relates directly to workplace performance.***

Brochure, ILO/USA Declaration Project in Indonesia 2000

..... **the centre of gravity of industrial relations is the workplace,**

... sound labour relations have to be built ... **within** the enterprise.

Competition: An Agenda for the 21st Century, ILO, 2000, p. Page 194-195

# Cooperation at the Workplace

Workplace relations has major economic implications:

- it affects the product quality, productivity and profits of firms, and the jobs and employment security of workers.

Therefore ~

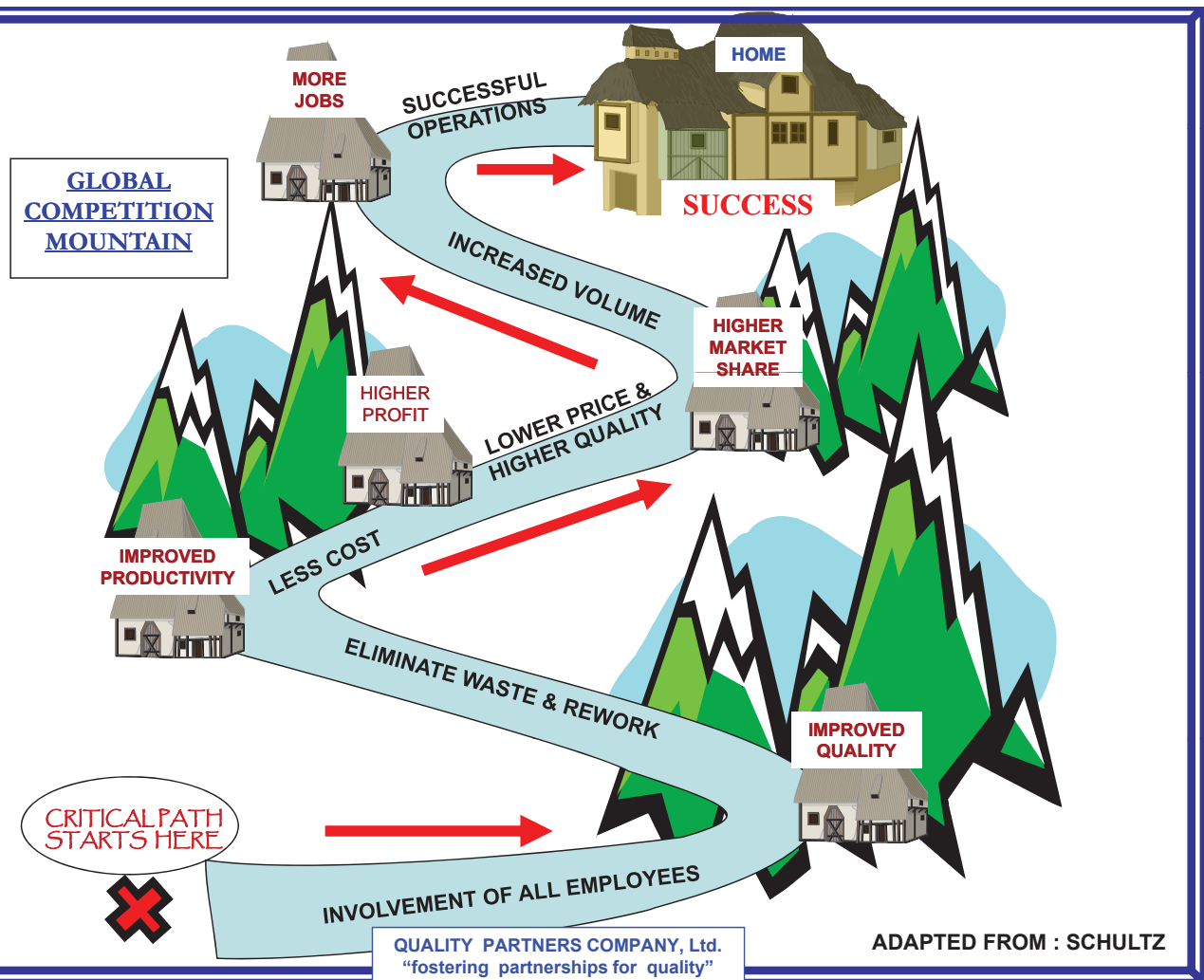
- Collaborative labor-management strategies may be applied - to improve the relationship of the partners
- For them to learn to work together on issues of mutual interest - as a team instead of being adversaries

(Brochure, ILO/USA Declaration Project in Indonesia 2000)



**LABOR-MANAGEMENT  
PARTNERSHIPS**

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## Labor Management Cooperation - the Concept

***"working together & working smarter"***

**Working together = cooperative and harmonious partnerships at work**

**Working smarter = continual improvement by using scientific tools and techniques**

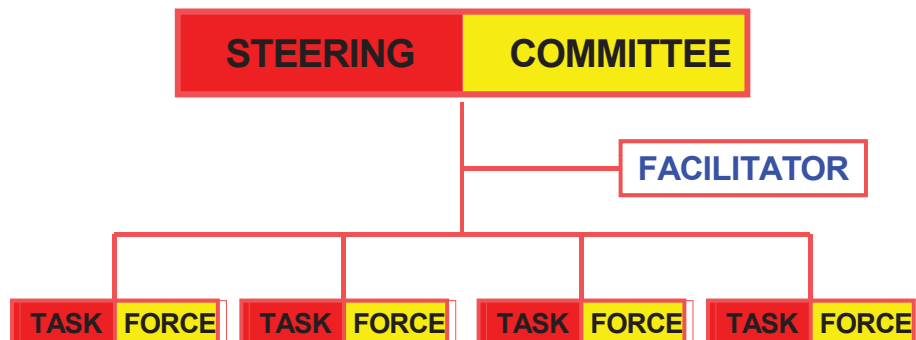
Labor Management Council  
or Committee (LMC)  
*- the operational vehicle*

- LMC is both a structure, and a process!

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LMC  
STRUCTURE & ORGANIZATION

=



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## LMC - WHAT IT IS

- **A structure** - a joint body composed of labor and management representatives formed for identifying, resolving, and implementing decisions on problems and issues of mutual concern to both.
- **A process** - of consultation, dialogues and exchange of information, leading to joint action and active teamwork to address and resolve mutual concerns for mutual gain.

### LMC Objectives



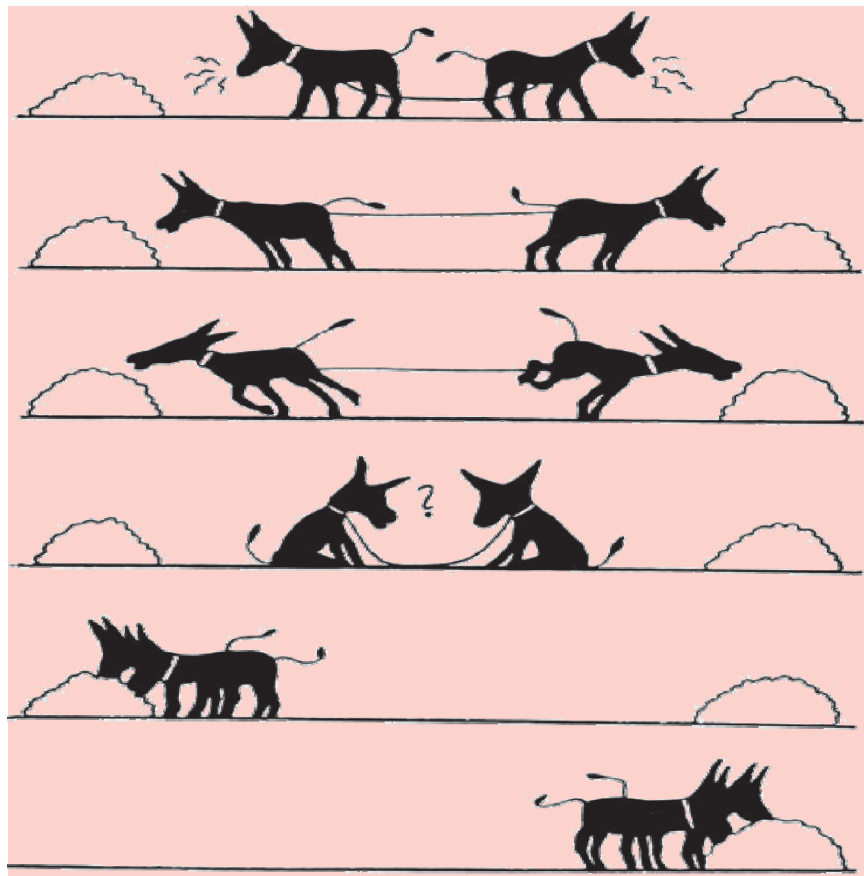
- To increase company competitiveness - by improving quality and productivity
- To enhance quality of work life
- To harmonize work relations



## CHARTER LABOR MANAGEMENT COMMITTEE

*The role of the LMC is to improve communication between managers and workers to insure the future of the company and its employees through the promotion of innovative manufacturing and quality of work life ideas.*

1. Improve and expand working relations between labor and management.
2. provide opportunities to solve problems through a joint approach.
3. Identify material, utility and financial waste.
4. Explore and recommend new ideas to improve customer relations
5. Improve the quality of every employees work life.



## WORKPLACE COOPERATION

*vis-a-vis*

## UNION-MANAGEMENT RELATIONS

### 1. Focus on PRODUCTION:

*ON “ENLARGING the CAKE” –  
by COOPERATIVE & JOINT  
ACTION of the PARTNERS :  
LABOR and MANAGEMENT*

### 2. WIN-WIN POSITIONS –

*on SHARED ISSUES/CONCERN  
such as HEALTH & SAFETY,  
PRODUCTIVITY & QUALITY,  
COST & WASTE REDUCTION,*

### 3. PRO-ACTIVE ACTIONS –

*DETECT and PREVENT  
CONFLICT EARLY  
- BEFORE it HAPPENS!*

### 1. Focus on DISTRIBUTION:

**ON “DIVIDING the CAKE” -  
through BARGAINING and  
NEGOTIATION between the  
UNION and MANAGEMENT**

### 2. WIN-LOSE POSITIONS –

**on ISSUES of CONTENTION  
Ex: WAGES and SALARIES,  
FRINGE BENEFITS,  
JOB CLASSIFICATION, etc.**

### 3 REACTIVE ACTIONS -

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## Quality Development - LMC approach to “partnerships”.

JCG3

“Quality”



“Partnerships”

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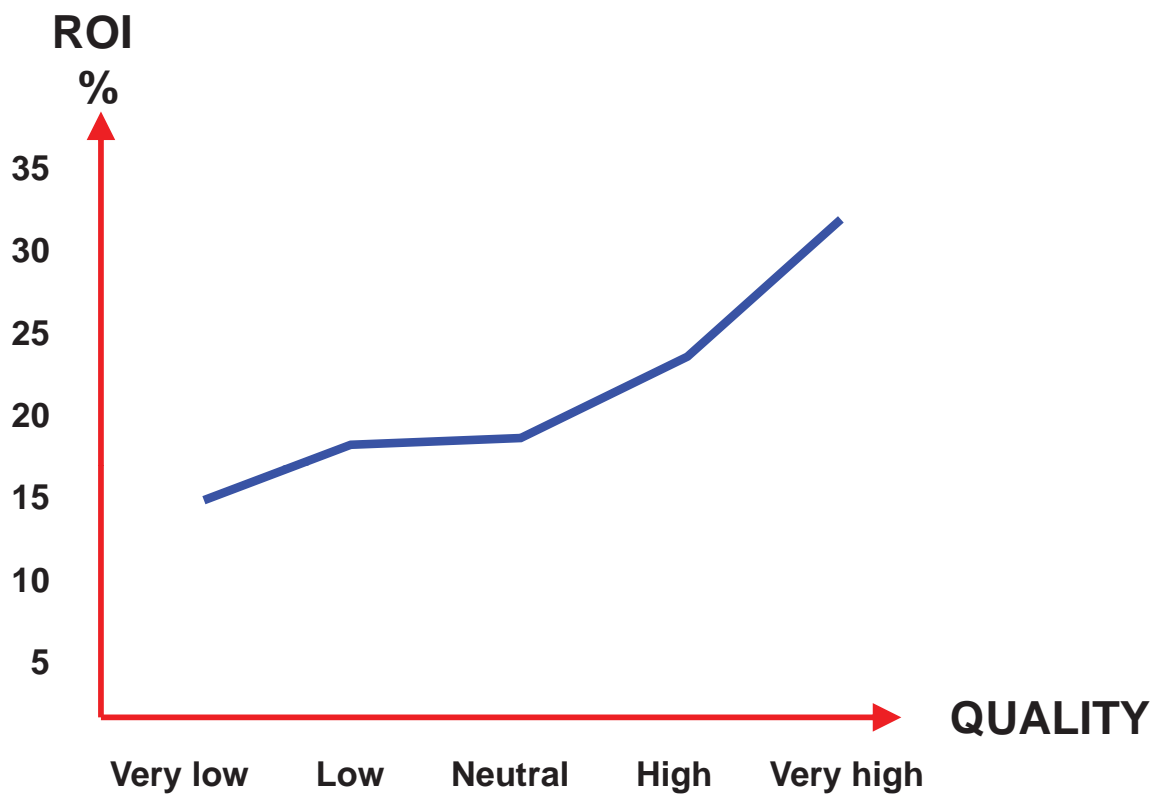


Figure 2-11. PIMS shows that a higher quality level leads to a higher return.

## LMC STEERING COMMITTEE (SC)

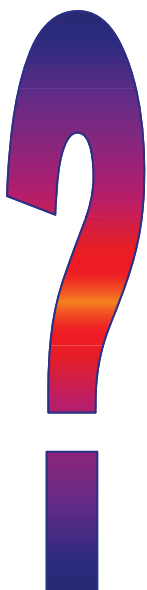
### Some Functions/Responsibilities

- Conduct regular (preferably weekly) meetings
- Assess issues or problems identified by SC members or received from employees through suggestion box or other channels
- Act (go or no go) on problem solutions recommended by task forces or  
(If “no go,” provide acceptable alternatives).
- Create task forces or teams based on issues/problems identified
- Disseminate news and info regularly on LMC achievements, training programs, other joint cooperation activities
- Schedule company wide presentations of LMC outputs, recognition and awarding of top teams regularly (ex. twice a year).

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QUALITY IMPROVEMENT STARTS WITH PROBLEM-SOLVING ...

### **PROBLEM-SOLVING BY LMC TASK FORCES at ICTSI** **(International Container Terminal Services, Inc.)**



Quality Partners Company Ltd

### **LMC TEAMS and/or TASK FORCES**

#### **Some Functions and Responsibilities**

- Conduct necessary meetings to solve problems/issues assigned by Steering Committee.
- Develop report or results and recommendations using 6 Ds
- Standardize approved solutions and approaches to problems.
- Disband when recommendations have been implemented and standardized. Re-group with new members for new tasks.
- Rotate team membership, encourage participation of all workers.
- Organize continuous and company wide training in problem – solving, communication and teamwork, leadership skills

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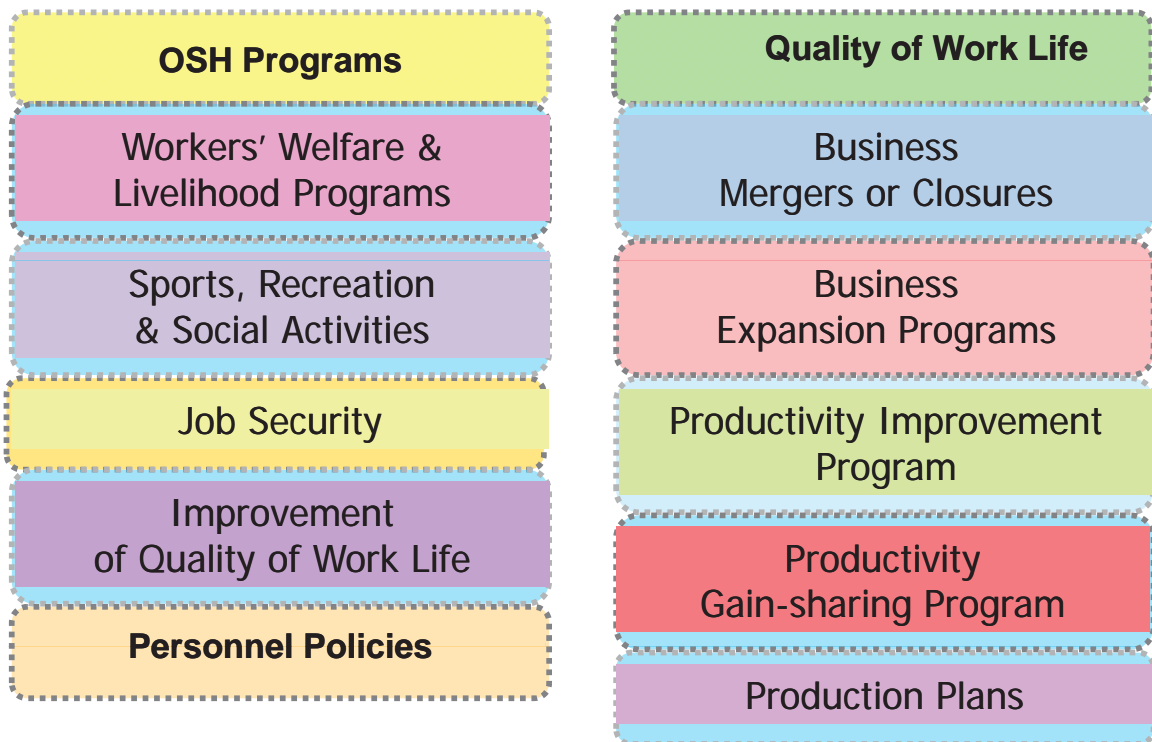
### **Basic Elements: LMC and Communication**

- Worksite forum - where employees and management can express work-related problems and needs to each other.
- Information-sharing - on present, day-to-day issues that affect work performance and work relationships.
- Regular discussions – can lead to mutual understanding, and early resolution of shared issues and concerns.
- Two-way channel - for management to obtain feedback & support for its programs, policies and their implementation.

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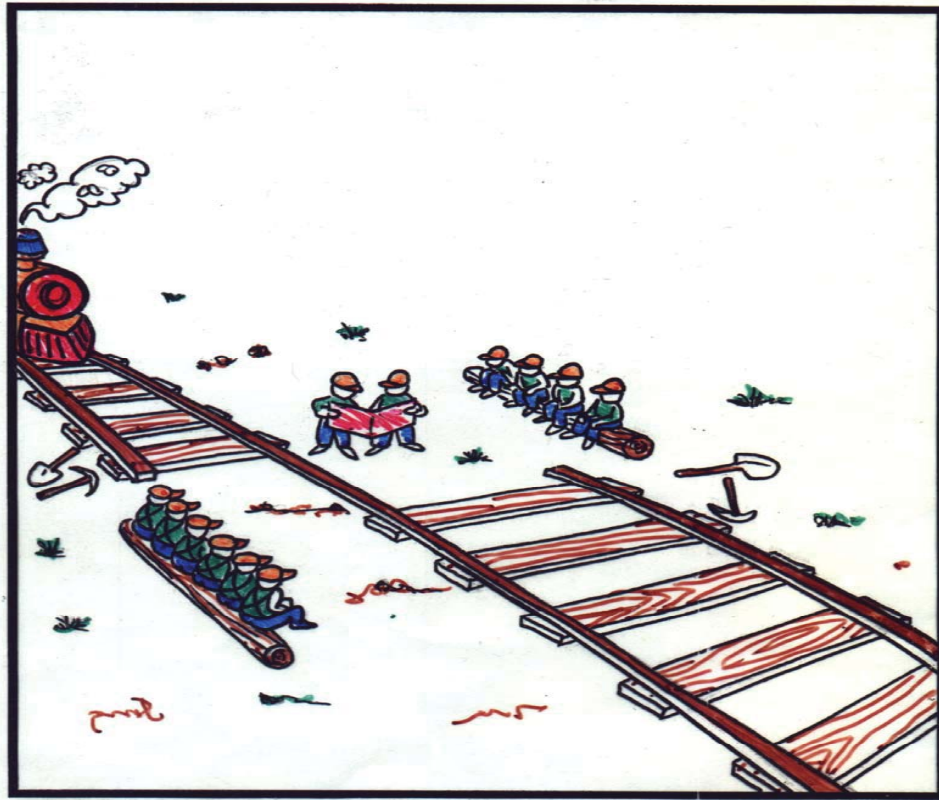


## **POSSIBLE ISSUES for the New LMC**



### **Basic Elements: LMC and Participation**

- Workers should have **“a voice in decision-making”** - on matters affecting their interests and welfare.
- Joint problem-solving - enable all to participate **“in working together and working smarter”**
- Involve and empower all employees - to give ideas and suggestions to improve **“quality of work and work life”**



## Get it Right the First time

“It is possible to take any horse to the waterfront, but it is always up to the horse to drink.”

Quality in organizations is similar in nature. There can be perfect systems and procedures for quality – **but if employees aren't willing to follow, the whole system will fail to deliver.**



"Empowerment of employees at all levels is a benefit to the company and should not be considered as cost"

**Feigenbaum, A.**

### Empowerment practice in Toyota

1. Workers are empowered to stop the assembly line if they find a defect or problem, actual - or potential.
1. Normally, workers rotate jobs every 2 hours. They are taught standard work, exact procedures of how the work will be done. But they are encouraged to improve the standard.
3. People are taught how to inspect their own work and that received from others.

4. Everyone is part of a team – encouraged to learn and share information, and taught problem solving skills.

5. Workers are asked to submit their creative and innovative ideas to make work easier and more interesting

6. Everyone is continually encouraged to build skills & capabilities, or attend college (with Toyota subsidy).

5. All are asked to present individual plans for future professional growth and development. Supervisor meets them regularly to assess their progress.

## Training Programs to Sustain

LMC for **QUALITY** and **PRODUCTIVITY**

- Problem-solving Tools and Techniques
- Communication and Leadership Skills, inc.:
  - *Teamwork in Problem-solving.*
  - *Facilitation and Conflict Resolution*
- Principled Negotiations & Collective Bargaining

Partnerships for Quality, Productivity & Profitability:  
A Reprise



Gatchalian, J. C., Gatchalian, M. M. et. al., Philippines

Joint Strategic Planning at E.K.  
COMPANY DIRECTIONS HIGHLIGHTING THE GOAL





## LMCs success characteristics:

- Production targets are often met
- Better quality products in competition
- Quality tools and practices are adequate
- Joint cooperation programs in the company are many
- Workers feel they belong & are cared for
- Company-wide employee involvement

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## Workplace Cooperation: FEATURES

1. Results-oriented – focused on action, not just discussion
2. Quality-driven - uses modern tools and techniques for continual improvement
3. Quantitatively measured results (in numbers, not words)
4. Partnership - joint problem-solving is a regular activity
5. Priority areas of mutual concern - are tackled jointly

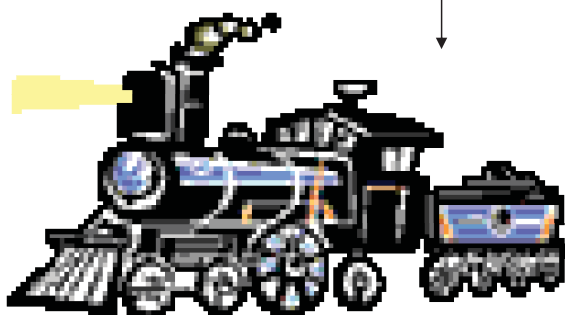
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## LMC strategy - success factors:

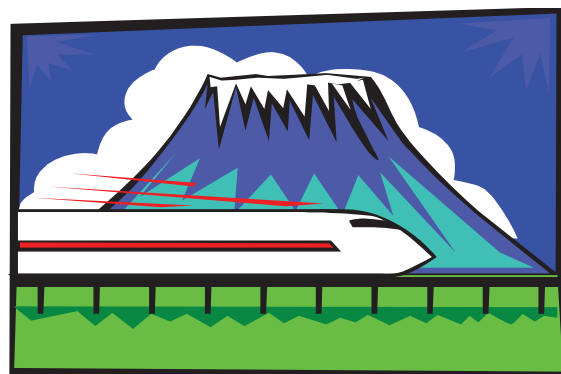
- **PARTNERSHIPS** - **internally**, between management and employees; **externally**, with company's customers, investors, stakeholders, and wider public
- **QUALITY** - "**beginning with people**", extending to work relationships, and resulting in quality performance".
- **TEAMWORK** - **joint study and problem-solving** in the LMC Steering Council and in action committees
- **MEASUREMENT** - **parameters** monitored and evaluated; improvements documented; directions reviewed
- **SUSTAINABILITY?** - ***time will tell!***

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Transform your  
workplace from  
old, slow train



○



To a fast &  
competitive  
bullet train!

**UTILIZE WORKPLACE COOPERATION!**

*THANK YOU !!!*

