

**THE CHANGING ROLE OF MANAGEMENT
IN INDUSTRIAL RELATIONS
IN THE NEW CENTURY**

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It is a great honour for me at the end of my official working life to be asked to give the Countess Markievicz Lecture for 2005.

I have for many years spoken out about the changes that have taken place in society and in business in particular. Obviously the changes in both have implications for all of us, whether we are in business or as members of a rapidly changing society trying to survive in the climate that prevails around us.

The subject of tonight's talk is the challenges facing industrial relations practitioners in the changing role of management today.

Last year I was asked to give a talk in the Church of Ireland Parish Church in Rathfarnham on Christianity and Spirituality in Business. In the course of preparation for that presentation I began to realise that expecting companies to take into account spirituality and Christianity in the way they operate their businesses was unrealistic, given the climate that has prevailed and still prevails in society. Businesses operate to the norms of the society of the day. Indeed, changes in business over the years have to a large degree mirrored the changes then taking place in society.

Companies have no heart, no soul. How the business is run and how it treats the shareholders, employees and customers, to a large extent, depends on the values or the integrity of those in power in the organisation at any particular time. Very often the culture of an organisation and the way it does its business is synonymous with the values of the CEO, or in the case of family businesses with the particular family values of the owners.

Organisations and management reflect, to a large extent, the society of the day and the culture and practices that prevail at that time. When one looks back over the last thirty years it is quite clear that society has changed dramatically, as has business and management. We have come from a period when society was structured on a hierarchical basis, with those in privileged positions very much in power without any questioning, being looked up to and being obeyed by those who were expected to obey. We lived by, and were dominated by, rules, regulations and restrictions. Workers performed their duties as required without question, while often feeling deeply aggrieved. It was to a large extent in this kind of climate that trade union influence grew in order to protect individuals, given that to show any sign of dissension was likely to bring all sorts of retribution and even dismissal.

In addition to the rules, regulations and restrictions imposed in the working environment, people were very much subservient to the Church, parents and those in positions of authority.

This oppressive control and command philosophy was reflected quite clearly in the way organisations operated. In my own case going into Guinness at fourteen, the rules and regulations dominated my life. The brewery was extremely class-ridden, with five or six grades or categories in the management chain, all with their own rules, regulations and ethos and even their own dining rooms. The segregation of these groups was complete. On many occasions people who were moved or promoted from one group to the other found themselves to be isolated, because the group or section they were promoted to did not think they were of the calibre required for that particular group.

In this autocratic organisation the management was all-powerful and had a very privileged lifestyle. To question them on any issue was a disciplinary matter, to refuse an order meant instant dismissal, without any chance of representation or reprieve. In my own case I was fined on several occasions for looking contemptuously at my superiors.

Businesses were run on an autocratic basis, with everybody knowing their position, some clear that they were the chosen ones, others accepting that their destiny was to serve. Nowhere was this more evident than in Guinness. Life was relatively peaceful and tranquil for managers. In the case of Guinness a vast number of the senior management people had very little management skills but ruled by command and control methods. They had served in the British civil service or in the British army overseas, and had come back and taken up a commission in the brewery! They didn't really need to have any management skills because, just like the Roman Empire, some of the operatives were promoted to foreman, given a hard hat, a special overcoat and a shilling extra. For these perks they managed the place, hired and fired. So, while the managers had the titles and the perks they never really got involved in any of the day to day problems of the business. This would not have been unique in its day, a similar culture probably prevailed in Players, Jacobs and other such companies. The management people would not get themselves too involved in the day-to-day anguish of running the place. They would definitely avoid industrial relations problems at all cost.

The same deference and total obedience applied to religious and professionals. They were even more powerful than parents and were seldom questioned in any shape or form. Unfortunately, we have only in recent years become aware of the consequences of this blind obedience and lack of accountability.

All the controls prevalent in society found their way into businesses and organisations, where the hierarchical structures dictated roles, and segregated people into particular groupings, either giving or taking orders.

There is no doubt that over the last thirty years life has changed quite dramatically for all of us socially, politically and in business. For many years companies such as Guinness carried on with very little change, the pace of change was nothing like it is today. People stayed with companies for very long periods, in my case, I was forty one years with Guinness before spending ten years in the Labour Court. Young people today would see both of those spells as being far too long to be with any one organisation. Indeed they would probably think that forty one years is too long to live, never mind work in one organisation!

Management's role was made easy by the climate of power and subservience prevailing in society. This command and control style would not be acceptable in society today, consequently it is also not now acceptable in the workplace.

It is extraordinary how changes in business practices over the last thirty years closely mirror the changes that have taken place over the same period in society.

The 1980s was a period of great stress and strain nationally, high unemployment, high emigration, high inflation, very little positive on the horizon, an era of great negativity. However, in terms of management it was one where control was easily asserted on employees. People had very little will to fight the system. Control was asserted over people simply by having a title or being in a position of authority.

Following this period of total control we moved into what I would call the industrial relations era when the trade union movement began to establish a role in many companies. During the 1980s industrial relations came into its own and was at the top of the pecking order of requirements for Personnel people.

In the late 1980s and early 1990s industrial relations really was at its peak, dominated by heavyweights in industrial relations many of whom subsequently became leaders of Employer Bodies, Congress of Trade Unions or the Civil Service. In those days good negotiating skills were an absolute essential for those working in the Personnel function. Attendees at Personnel conferences or courses were invariably men, with possibly one or two brave women in the class. Nowadays, Human Resource management is dominated by women and there are significantly fewer men involved in the practice.

It is probably a good indication of the way management requirements have changed that industrial relations has dropped in significance in the management rankings of key requirements. Industrial relations, as a skill, is probably eighth or ninth in the pecking order of the requirement of key competencies of a good Human Resource Manager nowadays. This is mainly due to the changing challenges facing management in the areas of recruitment and retention, core competencies and development and training. Another factor is the effect of centralised bargaining in the unionised companies where it has reduced the importance of industrial relations and negotiating skills. In the non-unionised companies it was not a requirement anyway as they did not use the State's industrial relations machinery to resolve their problems.

However, this is changing quite dramatically for non-union companies who will find themselves now having to go to the Labour Court and the Labour Relations Commission under the Enhanced Code of Practice on Voluntary Disputes Resolution. While the initial Bill failed to give trade union representatives what they believed it was going to deliver in terms of trade union recognition, this amended industrial relations legislation appears to have swung the pendulum the other way. Companies that up to now have not dealt with unions may now find themselves on a regular basis being taken to the Labour Relations Commission and the Labour Court. This is a major change for these companies, mainly multinationals, and it will be interesting to see how they react to a third party having an input into their business. It is clear that a number of companies who do not employ industrial relations specialists or who do not have people with good negotiating skills will find themselves in difficulties over the next few years.

Centralised bargaining was the next phase in the 'climate' change process and was a most traumatic event for the industrial relations practitioner. It eroded the power of representative at plant level, and also reduced the importance of industrial relations in management. Negotiating skills have been all but eliminated, and there is no doubt in my mind that if the national agreements were to collapse the negotiating skills required in companies and at national level would not be available. The role of Personnel people and trade union shop stewards has changed dramatically over the last decade with centralised bargaining. Very little direct negotiations as we knew it in the past now takes place and most of the current industrial relations problems seem to centre around disciplinary matters.

This side-lining of the local trade union representative has brought its own problems over the years, with representatives at ground level feeling isolated from the action, and it has certainly resulted in the demise of negotiating skills at plant level. The loss of an apprenticeship as served by many junior managers, shop stewards and trade union officials at shop floor level in the past, battling over the nitty-gritty issues, has left us short of trained, experienced negotiators. In addition, the retirement of some very senior and experienced trade union officials in recent years has meant that a new group of people, both at employer and trade union level, have had to take time to get to know each other's styles, preferences and method of doing business.

The pay deals have reduced the industrial relations conflict and also the role of industrial relations in the workplace, whereas in the past every company of any size had an industrial relations manager I would be surprised nowadays if there are significant numbers of industrial relations specialists employed in companies. It is more likely that somebody in Personnel will have in their portfolio the industrial relations brief because, apart from individual grievances or minor disagreements, the need for the role has diminished dramatically.

The effects of partnership have been felt beyond the pay rates in industry. Partnership now embraces all aspects of the economy and involves many groupings.

In 1991 I gave a paper in Harrogate in relation to the tripartite agreement which at that stage was mainly pay related. At the end of the presentation a member of the audience stood up and absolutely tore me apart on the basis, she argued, that what I had described was parliamentary abdication. At the time I had a good argument with her defending the agreements. However, I would have to say that, over recent years, it would appear that she may have been right, given the lack of involvement of the vast majority of our elected representatives in the Dáil in the discussions. To their credit, the groups attending the negotiations have managed to gain a huge influence on the wider aspects of running the country through the national negotiations which now cover health, education, taxation and all aspects of our lives.

The role of management has changed even more dramatically with the advent of partnership. The old days where people accepted the right of those in authority to rule without question, did what they were told and followed instructions, are gone. We now live in an era where people expect an explanation as to why they are being asked to do certain things and clarifications on the benefits arising from proposed actions. It has resulted in a much more demanding role for management in terms of bringing people with them, particularly when introducing change.

The management of change is probably the most important skill required in management today, it is also the single most satisfying function if successful. We have moved from the requirement for steady-state managers to change agents. Change is the only constant in our lives today and the pace and rate of change is totally beyond our control. We cannot resist change because organisations and companies that are not changing are dying. It is a question of either change or be changed. However, we can influence change and its effect on our organisation and our business. The management of change requires leadership rather than management, consequently management as practised in the past is defunct. Today is all about leadership.

In the business world today companies that are over-managed and under-led will fail. Management has moved on, it is all now about leadership, it's about people

responding to people in positions of responsibility, not because they are in those positions but because they respect them as individuals. This is a major change for organisations in the role of management in this century.

The change in management from the old dictatorial style to the current method of managing in partnership is mirrored in the change in parenting over the last thirty years. When I look back on my childhood I realise that whatever I was told to do, I did without question. When I was rearing my own children and instructed them to do things, invariably the question was 'why?' and because I very often didn't have a very good answer I resorted to merely responding 'because I tell you'. We have now gone through these stages, of obeying without question, then questioning, to now children having the freedom to 'express themselves', which basically means they have free rein and in many cases do what they like. It is no longer acceptable, or accepted, by young people particularly that they will do what they are told, without knowing why, or without an explanation.

This is the single most significant change in organisations and business today. The old practice of a title, or a role, or responsibility held by individuals in the organisation resulting in people obeying or carrying out instructions to a large extent has gone. Employees no longer blindly follow those with stripes or titles. Management in the modern era will not, and does not, automatically get respect, it has to earn it. The role and responsibilities of managers have changed significantly in that they must be capable of earning the respect of those they expect to manage or to lead.

Nowadays, young people particularly do not respect titles or positions. They respect individuals they trust and admire. Management no longer automatically can expect to be able to influence or lead the workforce. They have to earn respect and prove by their deeds and actions that they are people worth following, worth supporting.

In Guinness, as in many organisations, when the old hierarchical structures which brought automatic obedience by the workforce started to disintegrate many managers were not able to cope. In many companies this has happened over the years, when people who ruled by virtue of their status were suddenly asked to manage in a different manner, were not able to do so and moved on.

We have gone over the last number of years from a country with huge emigration to now having a skills shortfall and having to bring in workers. At the top end of the skills market young people can move from company to company and spending a couple of years with one and then moving on to another. They can even take a year out to go to Australia or America and to come back confident that they can get a good job. This is a major change from what it was in the past. We have a situation where people, certainly at the height of the technology boom, could move from company to company for lump sum payments of £5,000 and sometimes £10,000.

All this competition for employee skills has resulted in further changes and pressures on management. Management's role of motivating must now encompass an ability to retain staff. They must also ensure that the company is the company of choice for people with the particular skills that are in short supply.

In order to create the company of choice management must produce something special that attracts people - this is a new challenge.

Another change in the role of management has resulted from the globalisation of organisations, the amalgamation and alliances of big companies. Take for instance the Guinness situation where, over the years, Guinness in Ireland went from being the big fish in the pond to being a small fish in a very big pond, with the change in profit structure and the business. We suddenly had to learn to operate on a global stage, to be able to manage the competitiveness challenges presented not only by production units within our own Group, but worldwide. Management in companies that have moved onto the global stage require new skills to survive at that level. They will find themselves involved with a different kind of piranha on the international stage.

Yet another challenge for management in this century arises as a consequence of the success achieved over the last decade. Managing in a climate of success is quite different to managing in a crisis. In a crisis it is quite clear that there are problems and people will usually react in a positive way to proposals in such a climate. It is much more difficult and requires significantly more skill to actually manage in a climate of success, to convince people to make the necessary changes in the organisation when the organisation appears to be doing so well. I have always believed that companies are at their most vulnerable when they are at their most successful financially. It is then that people avoid making key decisions, tackling the problems and go for the soft options.

SUMMARY

We have progressed from the stage where employees did what they were told and followed instructions to employees now querying the instructions and demanding to be part of the decision making process. On the management side we have moved from a situation where those in authority expected to be obeyed and to have their instructions followed, regardless of the quality of their decisions, to management having to bring employees along with them in their management of the company. Managers must now be leaders.

We have gone from the autocratic command and control management through various stages of involvement and participation before arriving at partnership.

Management has had to learn new skills due to globalisation of business. Businesses have moved in many cases from being localised operations to operating on an international basis, with the requirement for new management thinking and new skills.

In addition, centralised bargaining and the shortage of particular skills have made the role of management today significantly more complex.

Added to the complexity and pressures of management is the proliferation of national and European employment legislation.

The requirement to recruit, develop and retain the best staff is also a new challenge, retention being a major problem.

In order to succeed in the future management must identify and introduce key qualities that will make their company the company of choice in a very competitive jobs market.

On the national scene, we have moved from being a country riddled with strikes, inflation of over 20%, unemployment of 18% and with debts that at one stage were of such a level that the World Bank was about to move in, to becoming one of the most successful economies in the world. Unemployment, to a large extent, has disappeared, although this is debatable. We now have thousands of migrant workers in the country and in theory we are one of the more well off countries in Europe.

On the social side, the fabric of life has changed completely with religion no longer the dominant factor it was, and family life no longer gives the stability of the past. In addition, the pillars of society, religious and the professionals have been discredited and many people have lost confidence in those they previously looked up to.

As a country Ireland is seen as an example to other countries, particularly within the European Union, for its successful management of the economy. However, maybe we should question the type of society that we have created. We still have major problems in health, education and security. In Health we have people on trolleys for days on end, in Education we have classrooms unfit for children and a shortage of specialist teachers. On the security side, parents worry nightly when young people, particularly men, go out socialising that they might not return, given the violence in certain parts of our country.

The debate that is required now is about the type of society we want for the future. Is it one where, we are told, money abounds but it would appear that priority is given to horse racing and greyhound tracks rather than those in need in our society? The outcome of that debate will affect not only society but also business, and is likely to bring further changes in the role of management in the future.