'EXCELLENCE THROUGH ENGAGEMENT'
Supporting LEAN Productivity through Workplace Dialogue

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Introduction

Continuous Improvement initiatives put in place the necessary elements to allow an organisation to identify and implement improvements on an ongoing basis. Structured approaches to quality and process improvement started with total quality management (TQM), and developed with Lean Manufacturing, Six Sigma, and Lean Six Sigma. Despite the benefits these system approaches can bring, Continuous Improvement efforts are consistently reported to have a high failure rate. An extensive *Industry Week* Survey in 2007 reported that *"only 2 per cent of Lean transformations achieve their objectives"*, while Bhasin (2008, *'Lean and Performance Management'* in the Journal of Manufacturing Technology Management, Vol. 19, No. 4, pp 670-684) states that *"less than 10 per cent of companies accomplish successful Lean transformations"*.

In a recently updated study, McLean *et al* identify 'Employee Involvement Levels' and management failure to motivate employees as major reasons for these failures (see Richard S. McLean, Jiju Antony, & Jens J. Daahlgaard, *'The Failure of Continuous Improvement Initiatives in a Manufacturing Environment – A systematic review of the evidence'* in Total Quality Management and Business Excellence, Routledge, August 2015)

In the Asian context, Chen *et al* note that 'The human resource management departments of Chinese enterprises are mainly engaged in assessing, punishing and firing employees, and pays little attention to staff training or makes it becomes a mere formality' (see 'Why most Chinese enterprises Fail in Deploying Lean Production', L. Chen and B. Meng, Asian Social Science, Vol. 6, No. 3, 2010)

When one looks at the evidence for worker engagement in industry at large, the landscape is not encouraging. The Gallup 'State of the Global Workplace' survey for 2011-12 tested engagement levels among nearly 230,000 employees across 142 countries. According to its findings 87% of workers worldwide are "not engaged" or "actively disengaged" and are emotionally disconnected from their workplaces and less likely to be productive.

Gallup defines 'engaged employees' (13 per cent worldwide) as "those who are involved in, enthusiastic about, and committed to their work and who contribute to their organization in a positive manner. Engaged employees are the ones who are most likely to drive innovation, growth, and revenue".

The 'passively disengaged' worker, on the other hand (a massive 63 per cent of employees worldwide), is *"essentially "checked out." They're sleepwalking through their workday, putting time — but not energy or passion — into their work."*

'Actively disengaged' workers (24 per cent of employees worldwide) *"are more or less out to damage their company. ey monopolize managers' time; have more on-the-job accidents; account for more quality defects; contribute to "shrinkage," as theft is called; are sicker; miss more days; and quit at a higher rate than engaged employees do. Whatever the engaged do — such as solving problems, innovating, and creating new customers — the actively disengaged try to undo*."

Regional variations in engagement scores show East Asia as having the lowest levels of engagement worldwide with an average of just 6 per cent engaged employees – less than half the global average.

The good news is that those companies in the top 25 percentile of worker engagement scores were shown to outperform their peers by an average 147 per cent. Other data confirms that companies with high engagement scores show better performance across a range of indicators, including: Employee turnover; absenteeism; quality defects; safety incidents; shrinkage (theft); productivity; and profitability.

It is against this background that more recent attention has shifted towards the vital component of employee engagement within the process of LEAN.

From 'Uniflow' to 'Full-Flow Manufacturing'

Traditional 'X-style' management (see Douglas McGregor 'The Human Side of Enterprise', 1960, for the description of theories X and Y styles of organisational management) relies upon strong downward directives, rules and regulations, rewards and punishments to drive simple company goals. Employees are, like potentially naughty children, largely 'to be seen, but not heard'. Still the dominant model for much of industry on the ground, this approach owes much to the view expounded by Frederick Taylor in his 'Principles of Scientific Management', published in 1911 that *''In our scheme, we do not ask the initiative of our men. We do not want any initiative. All we want of them is to obey the orders we give them, do what we say, and do it quick.*

The X-style 'Uniflow' Organisation

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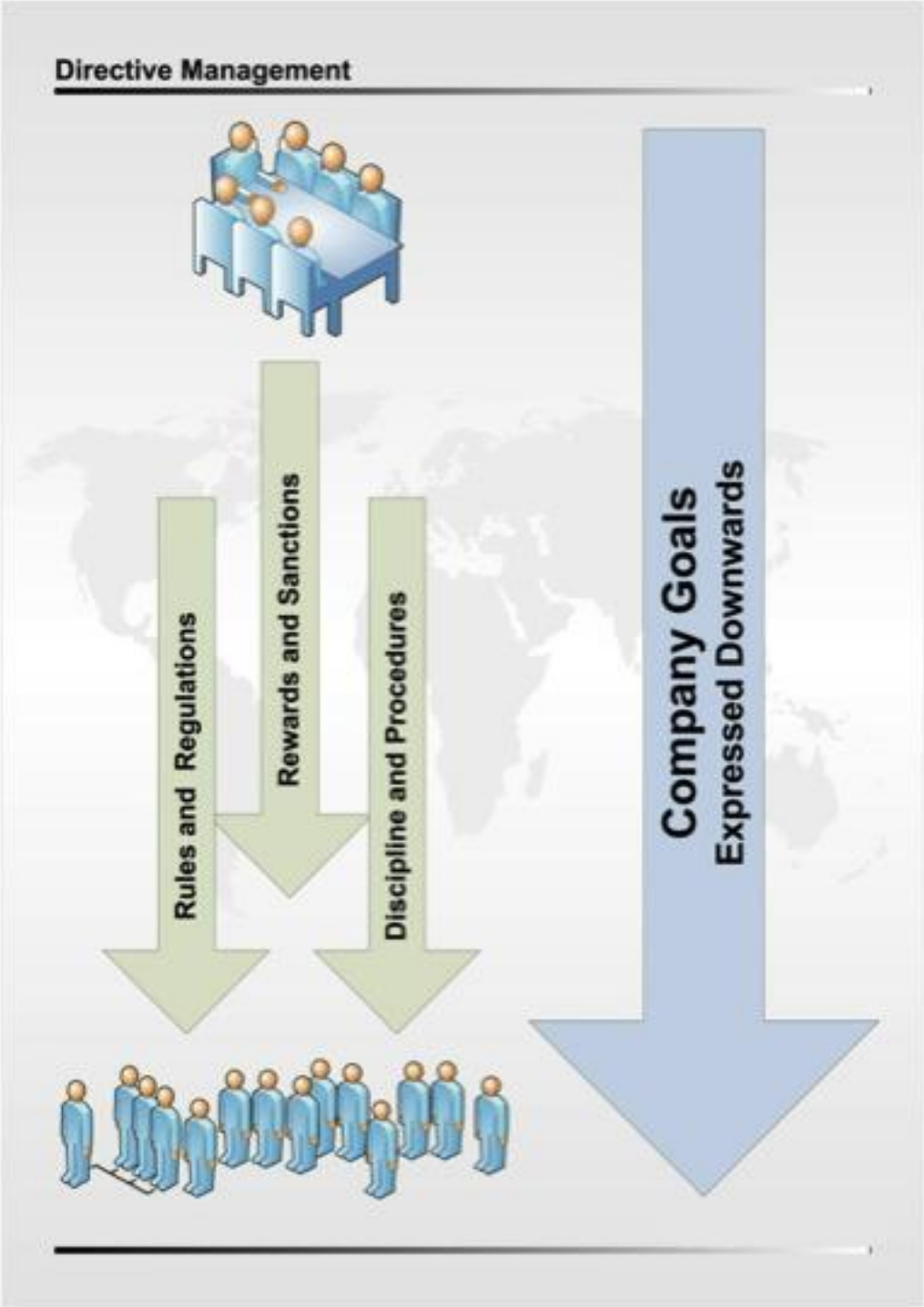

Seen as an energy flow model this type of approach leads to a 'Uniflow' organisation in which all energies emanate from the top of the organisation and are directed

downward. There is no expectation and no structure for a flow of energy back from the workforce.

The realisation that people respond best to recognition and respect gave rise to a whole new study area of industrial sociology and led eventually to Toyotism and the Lean model. This model depends for its energy on the engagement of employees in solving day-to-day problems in the workplace at the lowest level of the organisation where knowledge of the detailed problem is to be found. The focus remains on solving the problems of the organization but gains from the finding (initially as early as in the Hawthorne experiments of 1937) that people respond positively and productively to being consulted regarding the work that they are being asked to perform.

'Lean' Flow'

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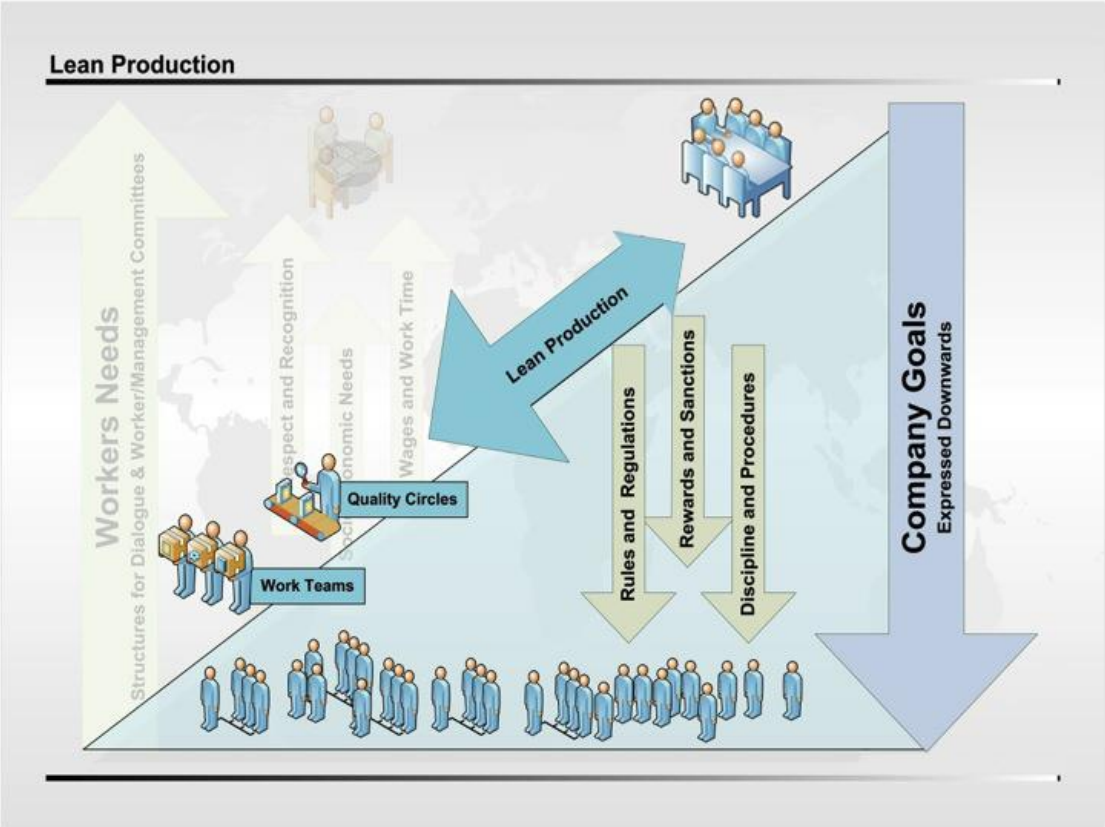

Lean approaches encourage greater worker involvement in solving operational and productivity problems; engage the 'hearts and minds' of workers in solving the organization's problems; initially meet some of their workers' needs for more recognition as factors of production…BUT fail to address workers' needs and

aspirations as social beings in the wider community sense or to give a structured space in which to express such needs.

Full-Flow Manufacturing

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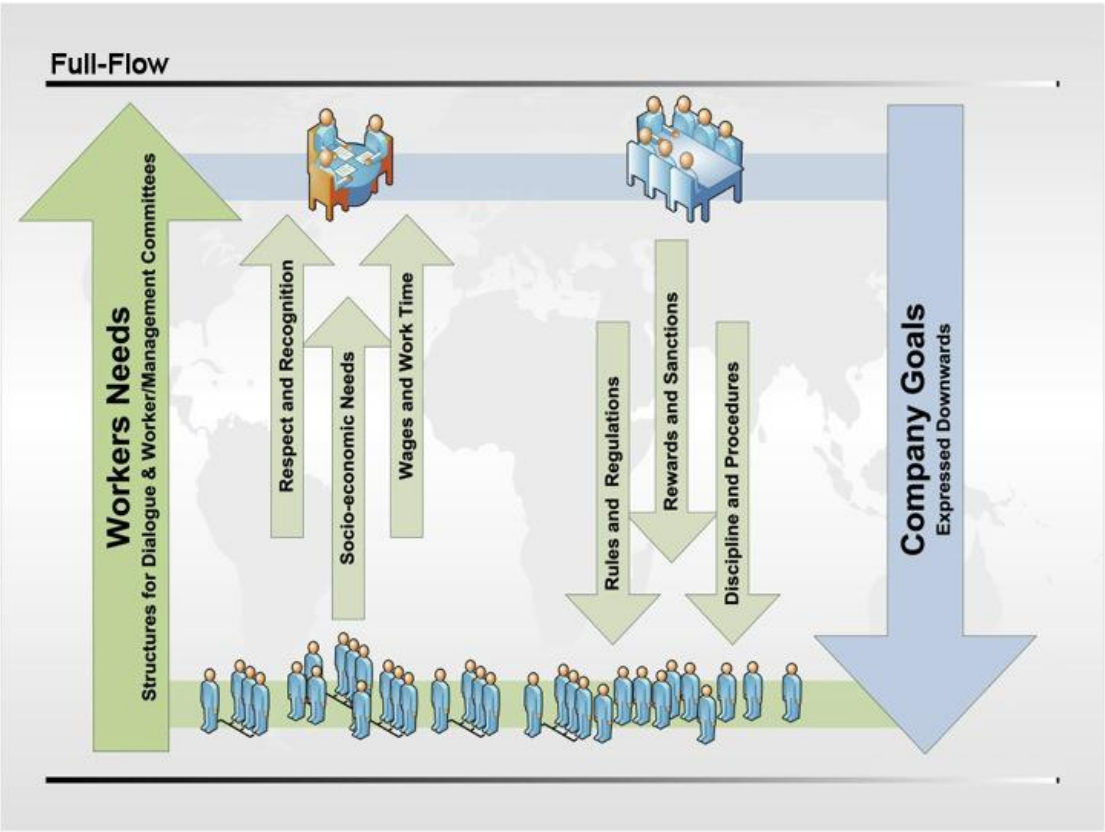

Coupling the advantages of Lean with a more 'people-centred' approach is based on the realisation that people respond best to meeting the organization's needs if their own needs are also being recognised and met by the organisation. Expressed as an energy flow system, Just Solutions has called this approach 'Full-Flow Manufacturing'.

Dialogue is needed to surface what are people's needs and aspirations in the company – including their social and community needs. Internal structures need to be designed to give recognition to and to negotiate the satisfaction of those needs. The resulting engagement is based upon an element of self-interest on the part of the individual employee and the recognition of a community of social as well as economic interest by all stakeholders. So long as an open dialogue is maintained, the motivation to engage is also maintained. The space is open for Lean mind-set change to operate across the organisation within a climate of trust and mutuality.

Structures for Engagement

Workers in most cultures have been trained for disengagement – to receive instructions and to work within defined parameters that do not require, or indeed encourage, questioning or interpretation. At best this might show itself in East Asian cultures as a natural 'deference' to authority. Ideally, the Lean culture presents a much more open aspect that encourages worker involvement in questioning traditional ways of doing things and in direct problem-solving at the workplace level. However, it is not possible to achieve this desired goal if the hierarchical 'top-down' approach remains in place. 'Dialogue' does not consist in management simply telling workers that their role is now changed and that they will be expected to offer up solutions to production problems of the shopfloor from now on. A system that requires full engagement must be designed to recognise and to discuss suggestions and inputs from a wider range of worker concerns if it is to be taken seriously.

The first step towards trust is to meet the employee's question 'What's in it for me?' If there is a satisfactory and tangible response to this question (i.e. not simply the comment that 'everyone will benefit from an increase in productivity'), the employee will raise his/her sights to other issues.

At the second stage, employees will consider how others view and value their efforts. Since the most immediate feedback on perceptions of value come from a person's immediate superior, the attitude and input of supervisors is a crucial indicator.

Pursuing the natural order of Maslow's hierarchy of needs, employees who are satisfied on the first two criteria will broaden their outlook to view their connection to the team and the organization, asking themselves "Am I accepted and valued as a part of this group?"

'Full-flow manufacturing' has been achieved when workers engage by seeking to improve their workplace, to learn new skills, to grow in skills and in stature at work, to develop new ways of working and to apply their innovations in practice.

Workers' 4-stage Hierarchy of Engagement

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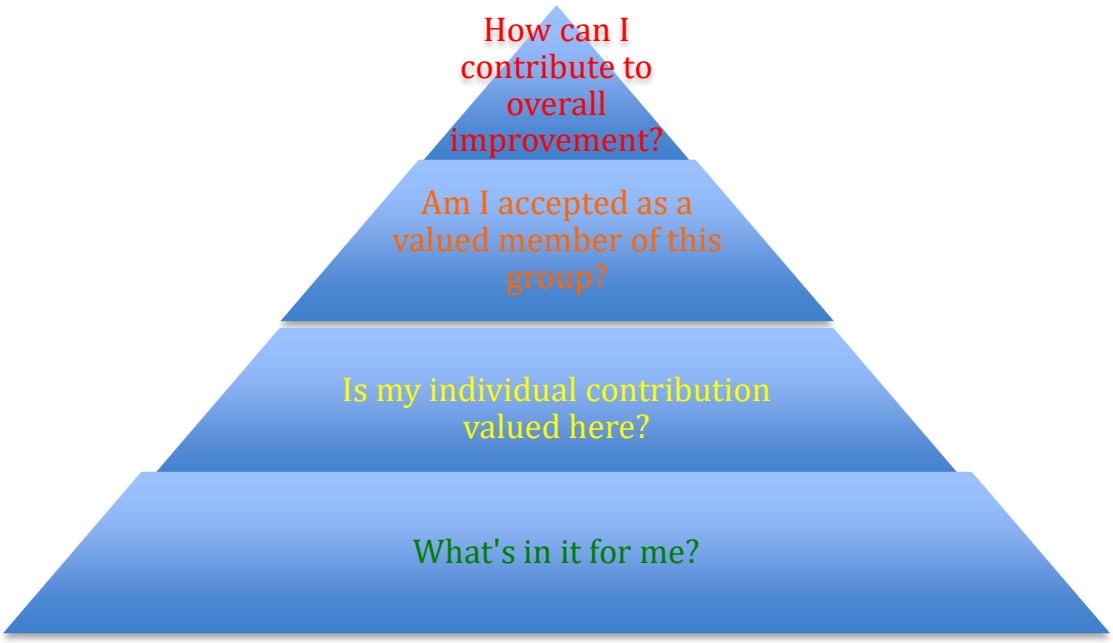


The typical workplace, as indicated above, does not provide a natural environment for this transformation to take place. In addition to a mind-set change on the part of management throughout the organization to encourage discussion and new thinking, structures need to be created through which ideas and problems can be surfaced, discussed, negotiated and solutions agreed.

Forums that simply exhort workers to contribute their ideas without the foregoing development process being in place achieve nothing. The usual panoply of suggestion boxes, satisfaction surveys and management directed focus groups are insufficient to gain confidence among workers who have 'seen it all before' and bear the scars of disappointment to prove it.

An 'organic' system of communication from workplace to management needs to be developed that enables issues to be surfaced as and when they occur at the lowest level of the organization and relayed for input to the appropriate responsible staff. This inevitably means creating a communications network in which the individual worker can have confidence in a process of 'fearless escalation' – i.e. to speak without fear of attracting reprisal.

No Participation Without Representation

Workers have confidence in their peer group first and foremost. The best system for attracting worker confidence in onward communication is, therefore, a system that uses the power of peer trust. Worker representatives who are elected by their peers in an independent process will attract a level of trust that is never achievable by a system that relies on selection of employee 'representatives' by parties external to the work group – whether by management or by an apparatus designed to substitute for a genuine grass-roots representation. To the extent that the selection system for

employee spokespersons is removed from the choice of workers themselves, to that extent it will fail in its intended purpose to reflect their real views and interests. It will in effect be an exercise in futility, probably generating more disengagement than improving the situation.

Any system of intervention that is deployed by Just Solutions rests upon the foregoing criteria of independence of representational selection. In a context where a formal representation structure is in place that does not meet these criteria and is supported by either law or tradition, means must be found to introduce the reality of worker voice alongside the formal system if any real breakthrough to worker voice and engagement is to be achieved.

The PICC system introduced by the 'Better Work' program in Vietnam was developed to try to achieve the expression of a genuine worker voice alongside the wider social interest of the official union apparatus and its governing superstructure. At a time when recent unrest has made the official union movement examine its own structures at factory level to improve their ability to reflect workers' views more responsively, this combination could be very effective in balancing interests of the workforce and those of the wider society. The 'Better Work' experience has been patchy with regard to the liberty allowed by individual companies to their workers freely to elect their internal company representatives. However, there is no reason to believe that this freedom should be viewed as a negative development by either the official trade union or the body politic, provided it operates strictly in the context of the individual workplace and its internal communications needs. It should more accurately be seen as a positive attempt by the company to make the most of its human resources.

The aim of the Just Solutions intervention would be to establish a 'second stream' of information flow in the company converting to Lean that would reinforce the feeling of fearless escalation among its workers and help to build a successfully communicating organization on all levels.

Worker representatives would be elected by peer nomination and voting from specified constituencies in the factory, coinciding with work groups or departments but not exceeding around some 100 workers per representative (the practical 'span of representation' for purposes of discussion and feedback). The purpose of this disposition is to avoid the frequent phenomenon that workers simply do not know who their representative is and may be separated by different work stations from ever meeting their rep in real time.

Training for Mind-set Change

Because of the novelty of this approach for workers and for management, it will be essential to precede the nomination process by awareness training for management, the trade union and supervisors who will be expected to deal with the issues that arise

later. Unless the process is firmly adopted by management and by the official trade union it will not lead to the fundamental mind-set change that is needed for success in Lean. Preparatory work may need to be undertaken by the project team to gain the understanding of the official trade union confederation of the stabilizing and productivity-enhancing intentions of the overall dialogue program.

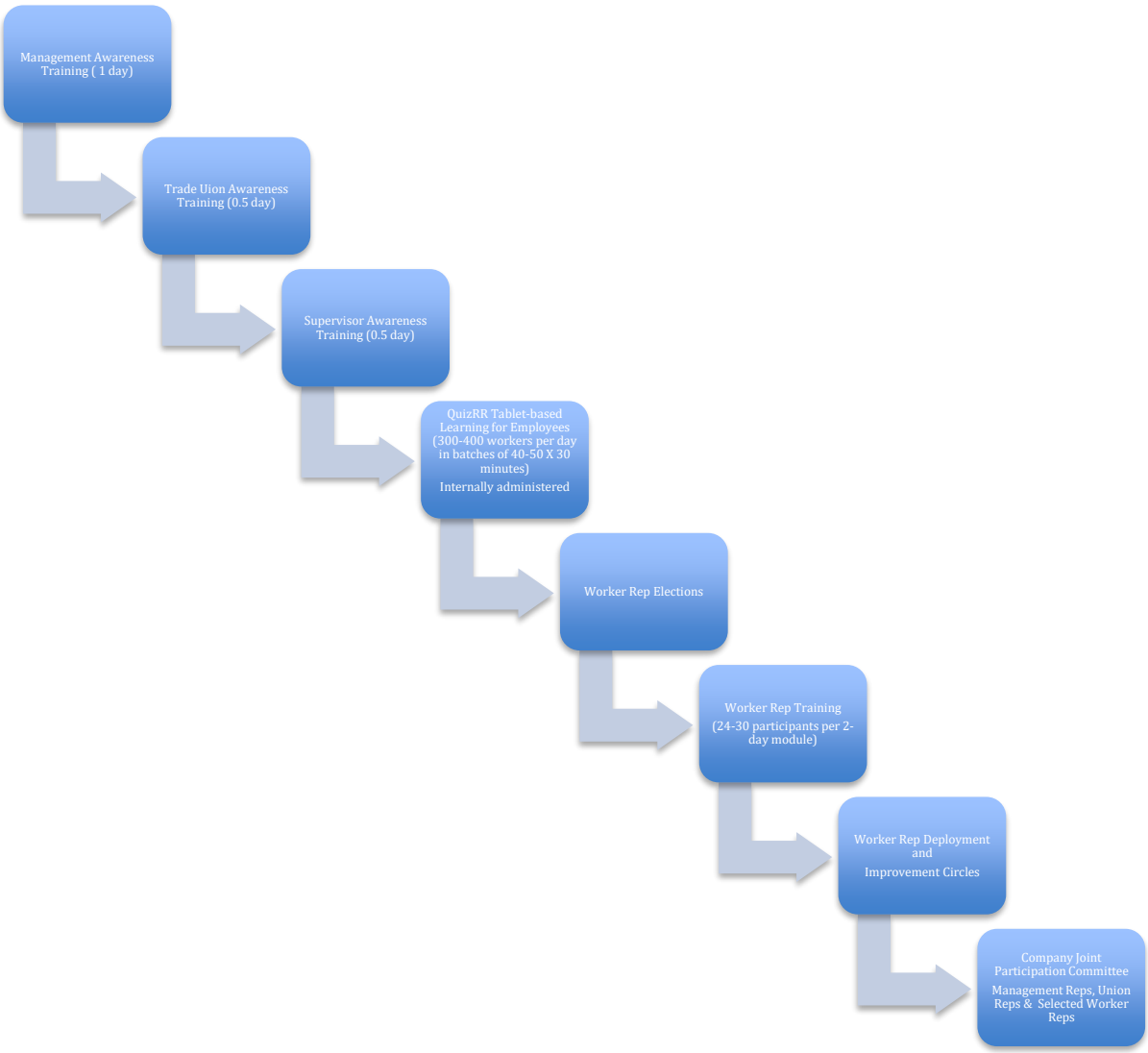
Although the sheer numbers of workers involved in the project prohibits a general face-to-face awareness training of a traditional kind prior to the election of representatives, Just Solutions has deployed an internal, tablet-based assessment and training system (QuizRR) that uses short video clips followed by multiple response questions in a form of programmed learning to deal with this issue. The optional system can be used without external trainers and the module takes about a half hour to complete in batches of 40 – 50 people at a time. Results are uploaded to the QuizRR secur server and reports can be produced for later assessment of progress. We are already developing a module for Vietnam for use with another client and setup costs could be shared. The system itself can be provided on a very reasonable annual subscription to factories. (Costs to follow.)

The Worker Reps, once elected, will require training to fulfill their new roles. Their role is not primarily to be committee members, although a handful of them will join the Joint Participation Committee (or PICC if in place). (Those who do so will be chosen by their fellow Worker Representatives.) The main responsibility of the new reps is to act as the frontline eyes and mouthpieces of the workforce in their respective constituencies. They are trained not so much to voice their own opinions as to become excellent listeners and to reflect the issues that they encounter in the daily life of the workshop.

As persons of confidence within the workforce they will function as the ‘go to’ people for any issues not directly related to the task of production and the Lean program. Issues will normally range from complaints about access to overtime and canteen food through to more fundamental issues of harassment or availability of medical or transport services, for example. Many of the issues that do arise will impact upon performance of the people concerned and will inform the constant improvement agenda under Lean.

Worker reps will be expected to raise issues that need clarification, comment or decision with the appropriate authority. That may be a supervisor in the case of harsh treatment of perceived favoritism; the HR department in the case of a query about leave entitlement or overtime; or the trade union if there is an issue arising under the terms of a collective agreement, for example.

Worker Voice Development Process



Their job is to:

- surface underlying issues within their work constituency
- record matters that need further investigation of settlement
- raise the matter with the appropriate responsible authority
- obtain a response or negotiate an outcome
- report back to their constituency on the outcome
- relay important or frequently encountered issues to a member of the Joint Participation Committee for a policy decision (e.g. Is further training needed around the topic? Is there a need for clarification of a commonly misunderstood aspect of factory life? Should action be taken to improve

transportation to/from a particular location to facilitate workers' access?, etc).

In parallel to the Lean system for production issues, a monthly meeting of the worker reps with a small group (ten is usual on a rolling program) of their constituents in a so-called 'improvement circle' of approximately one hour can serve to relay important feedback in either direction and can discuss any specific issue that may have excited a general interest in the group over the preceding month (e.g. holiday pay, bus routeing, child care facilities, etc). Similar in kind to a mini social Kaizen, these groups can act as a sounding board and a mechanism for delivering innovative solutions to matters of genuine interest. They may also be used by management to cascade information to the workforce as a whole. Schedules for attendance at the improvement circle will be arranged such that every worker within the worker reps' constituency will be able to attend a session once every two months or so. If anyone has a special interest in the topic there should be sufficient flexibility to allow their attendance to discuss the issue.

The Lean CIT in the factory will also gather data on the aspects arising from the worker reps' records for analysis and overview. This can be made visible to all in the form of a 'Progress Tracker' if required. In this system an issue that is raised for a policy of higher decision (as opposed to a question that can be settled in daily organic interaction) can be identified by a card with basic details and dated. Its progress through the process of investigation, decision and feedback is recorded by the progression of the card across the tracking board. This gives a visual reminder that the organization is responding to questions raised by its workers.

Training Curriculum

At this stage of the program's development it seems necessary only to give an outline coverage of what would be intended in any intervention to build a workplace dialogue based on worker representation.

Management Awareness (Typical Content – 1 day)

Aims:

- To promote the importance of worker engagement

- To explain how to create a dialogue system based on genuine worker voice

- To obtain buy-in of top management to the process of workplace dialogue development based on genuine worker representation.

- To discuss the practical application of these principles in this factory and to start planning for implementation

Contrasting styles of organisational management

- Taylorism
- Human Relations
- X & Y Theory
- Theory Z – Toyotism – Lean

Solving problems at work

- Voice or Exit, the worker's choice
- Cost of not dealing with grievances
- Alternatives

Worker Engagement

- World view; East Asian view; Vietnam view?
- The costs of not having worker engagement
- The benefits of worker engagement
- Worker engagement needs the development of a worker voice

Workplace Dialogue

- No participation without representation
- Benefits of Dialogue
- Dialogue and the High Performance Workplace
- Establishing worker Voice systems
- Worker representatives
- Operating joint committees

Expected outcomes and Discussion on how to implement here.

Supervisor Awareness and Trade Union Awareness modules follow a similar pattern as the Management module but are more participative in delivery with role plays, games, more group work etc.

Worker Representative Trainings

Basically, this process builds upon the actual experience of the individual worker and gives it validation, creating a positive environment for addition of new matter. The technique requires a wide range of role plays, dramas, mini cases and games to draw out main principles. Local trainers will need training to deliver trainings of this type. Workers do not respond to old style 'chalk and talk' methods and the Just Solutions methodology has been developed over decades of training many hundreds of thousands of workers.

programs for many global brands involving development of workplace dialogue and internal communications and problem-solving approaches. These companies include H&M, Nike, Li & Fung, Puma, Levi's, Adidas, Next, Arcadia, Russell Athletic, Fairtrade International, the Ethical Trading Initiative of the UK and the IEH of Norway as well as the Compliance Adviser Ombudsman of the IFC/World Bank.

RttT Vietnam Apparel and Footwear Project, step by step approach

- Worker Engagement Program -

No.	Item	Description	Detail and Duration
1	Preparatory workshop with Factory Management (and if present union representatives)	To raise awareness of what are the aims of the WE/Dialogue component and to deepen management commitment to the project	- Need buy-in from factory management for the Improvement Circle Leaders
2	Conduct Worker Engagement Survey	To measure baseline for WE	- Confidentiality is immensely important to obtain trust and frank replies from respondents. - Numbers to be interviewed are ten per cent of total workers taken by departments. Maximum number of survey respondents in the survey room at one session = 40 - Correlation of responses should take about half a day per factory.
3	Conduct Supervisory Survey	To measure baseline for Supervisor attitudes/training	- Again, confidentiality is immensely important to obtain trust and frank replies from respondents. - One survey session per factory, lasting about 45 minutes. - Correlation of responses in the office, about two hours per factory if two WE team members work together checking off and counting responses.

4	Define shopfloor constituencies (if not already independently elected frontline workers)	- To determine efficient representation for workers by their representatives - roughly in ratio 1:80. But need to be reasonably flexible in order to ensure that workshops are grouped according to proximity to one another to allow elected reps easily to communicate with their constituents. - In our model Improvement Circle Leaders will be chosen by the front line workers themselves to represent them in the internal communications process, wherever approved by all internal factory stakeholders	- This requires constituencies to be agreed between the WE team and the factory (management and VGCL local branch if present). Emphasize that this system for information flow and problem-solving does not clash with VGCL branch function. If any VGCL committee members are front-line workers (not supervisors or managers), they should stand for election as Improvement Circle Leaders in the new system.
5	Socialisation meetings with workforce	To raise awareness regarding purpose of forthcoming improvement circle leader elections	Open meetings with groups of up to 100 workers at a time (assuming there is space to meet). A short explanation of what the project is proposing for the factory and why – to improve internal information flow to ensure workers' concerns and ideas get heard and can help improve the company both in performance terms and as a place to work. Q & A. About 30 minutes each group. Overall time taken depends on factory size – i.e. approximately the total number of shopfloor workers/100 X 40 minutes
6	Assist factories in creating the improvement cricles elections	To advise factories on running an independent process	

7	Training for factory Improvement Circle Leaders	To develop capacity in newly elected Improvement Circle Leaders/Worker Reps	
8	Monitoring and ensuring delivery and performance of factory Improvement Circles and Worker Rep activities	To ensure that Improvement Circles happen regularly and effectively.	- Trained ICLs will be able to run small 'improvement circles' of 20 co-workers at a time to discuss issues that may come up in the course of work or some standard prepared topics, like OHS, harassment, maternity entitlement, etc. But they will need time off with pay to lead this task – approximately two hours per week when they can speak with their colleagues - They will also be the first line of communication for information upward in the organisation, surfacing issues that concern workers currently and raising them for swift attention and settlement. So improving information flow and worker engagement. - They will be trained to surface issues, to raise them responsibly and to negotiate solutions; they will be expected to maintain records of issues raised and time taken to respond to them satisfactorily, so that the project can track effectiveness later.
9	Monitor and advise factories on maintaining 'fearless escalation' of information flows from worker reps in the workplace	To ensure that the new Worker Reps can help broaden the information flow from the shopfloor	

10	Advise on development of supportive policies and action at factory level for e.g. grievance and discipline issues, occupational health, taking account of the representation mechanism	To support continuous improvement in dialogue systems and responsiveness to issues raised in the factory	This can be done in conjunction with the above visits
11	Conduct Final WE Survey	To measure change in mind-set and engagement from the beginning to the end of the pilot	- This will be the same survey, delivered to the same cohort of people so far as employee turnover allows this.
12	Conduct Final Supervisory Survey	To measure change in mind-set from the beginning to the end of the pilot	This will be the same survey, delivered to the same cohort of people. To see whether there has been any change in supervisors' mind set over the life of the project.
13	Final Assessment	To consider results of final surveys and other KPI results for WE and Dialogue component	- Collection and analysis of data and information on all agreed KPIs - Discussion of raw result and queries - Review and Final Draft of report - Final Report delivery