An Evaluation Of The AnCO Training Advisory Service: A Contextual Study Of The National Manpower Development Process

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DECLARATION

I hereby certify that this material, which I now submit for assessment on the programme of study leading to the award of Master of Business Studies is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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ACKNOWLEDGEMENTS

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ABSTRACT

An Evaluation of the AnCO Training Advisory Service: A Contextual Study of the Manpower Development Process.

This is a study of the AnCO Training Advisory Service set up by government to promote skills development within industry. The research reported here attempts to account for the rise and decline of the division. It asks why an expensive mechanism for state intervention in the labour market failed to have the desired effect, and why it took so long to have the failure recognised. At a more generic level the study examines the role and effectiveness of state agencies which have an intervening function. The research highlights the failure of manpower policy literature to explain the empirical data. The study applies the insights gained from the literature on strategic change, and draws heavily on the context-process-outcome meta-framework developed by Pettigrew (1985; 1990), in order to understand the process which the Training Advisory Service was promoting. The Advisory Service is studied on a longitudinal basis, from its genesis to the formation of FAS, after which it was effectively dismantled. An ethnographic approach is used to collect the data on the inner context, content and process. The Cultural Web and the Paradigm(Johnson, 1992)are used to rationalise the structural and cultural elements of the organisation while a modified version of Mintzberg and Waters(1985) framework is used to analyse organisational strategy. The main findings show that the strategy of the Training Advisory Service was unable to respond to its changing outer context as it was constrained by its founding history and its paradigm. As a result it failed to understand that its primary role was to promote the achievement of competitive advantage within Irish industry through a differentiated factor of production namely highly developed manpower. At a more generic level the study generates descriptive theory on the role and functioning of an intervening agency while on a more practical level it proposes a framework for the study of organisations which have an intervening function.

CHAPTER I

INTRODUCTION

1.1 INTRODUCTION

This is a study of the Training Advisory Service, which was one of the operating divisions of AnCO-The Industrial Training Authority. The study focuses on two levels of analysis. Firstly, at a very specific level, it attempts to explain, the rise and decline of the AnCO, Training Advisory Service, and why it failed to bring about, a change in attitude, on the part of firms, towards industrial training and development. Why did the Training Advisory Service, an expensive mechanism for state intervention in the labour market, fail to have the desired effect, of promoting effective training and development, and why did it take so long, to have this failure recognised?

Secondly, at a more generic level, the study seeks to examine the role, activities, and effectiveness, of those state agencies, which have intervening functions. It also attempts to explore the mechanisms, by which strategic intent at government level, is transmitted through multiple levels, within the social structure, so as to bring about change, at the level of individual organisations. This, as far as the writer is aware, is the first attempt at such a study, within the Irish context.

The approach to the study, applies the insights gained from the literature on strategic change. It draws heavily on the context-process-outcome meta-framework, developed by

Pettigrew(1985; 1990), for the study of change processes within organisations, and further expanded by Leavy(1991a), to deal with multi-level systems.

1.2 BACKGROUND TO THE STUDY

AnCO was set up in 1967, to make better provision for industrial and commercial training. One of its functions, namely, the promotion of training and development within Irish industry, was undertaken by the Training Advisory Service. The principal mechanism, employed by the Training Advisory Service, to achieve its objectives, was the levy/grant scheme. Companies were levied based on their annual emoluments, and received grants, provided they identified their training needs, and carried out the necessary training.

During the years between 1970, when the first levy/grant scheme was introduced, and December 1987, AnCO collected approximately £127 million in the form of training levies(AnCO Annual Reports, 1967-87). After the retention of ten percent of this figure, to cover administration costs, the remaining £114 million was paid back to industry in the form of grants, with the objective of promoting training and development.

It should be pointed out, that having a trained staff was not an end in itself, but rather it was the competitive advantage it conferred, through having a differentiated factor of production. This however, was neither clearly understood nor articulated at the time.

Evidence of the failure by Irish industry, to accept the value of training and development, is fairly conclusive. In the area of management training, Managers for Ireland (1988),

points out that the commitment to management development in Ireland is unacceptably low, given the economic challenges facing the country. A major obstacle to greater commitment is a lack of understanding, of what management development involves, and how management policy should be formed.

Roche and Tansey(1992), point out that Ireland is a poor trainer, and that this deficiency holds at all levels, from operatives to managers. This lack of training, is not in any way due to the lack of suitable trainers, but is firmly rooted in the lack of demand for training, on the part of companies.

Firms, particularly indigenous ones, are not generally aware of the gap which exists, between the level of skill in their firms, and the best international practice(Roche and Tansey, 1992). Coupled to this, there is a fundamental lack of awareness in firms, of the importance of training. An attitude exists, that, as long as skill shortages do not appear to affect the day to day operations of firms, they are not important. They conclude, that there is an urgent need to radically upgrade the skill base of Irish industry, but firms do not recognise this. The real skill gap, is not measured in by the absence of people to do the job, but by the skill levels available to Irish firms, compared with the best international practice, in competitor countries (Roche and Tansey, 1992).

The most up to date evidence, comes from the 1994 annual conference of the Institute of Personnel Management, where the then Minister for Enterprise and Employment, Ruairi Quinn, stated that just one in ten Irish companies took training seriously. This statement was based on a survey, carried out by his Department in early 1994. The above evidence

confirms the writers belief, based on observations over a period of eleven years, as a member of the staff of the Training Advisory Service.

The questions must be asked, why Ireland is such a poor trainer, given the expense, time, and effort on the part of the Training Advisory Service? Why is there a considerable gap, between the levels of skill in many Irish firms, and the best international practice? Finally, why is there a low level of commitment to management development, given the challenges facing Irish industry?

The answers to some of these questions may lie, in an understanding of the Training Advisory Service, and the way in which it operated. The first step in this explanation, requires an understanding the concepts of active manpower policy, of which AnCO and its Training Advisory Service were a product.

1.3 ACTIVE MANPOWER POLICY AND STATE INTERVENTION

In the Europe of the 1960s, there was strong and stable economic growth, with steady full employment. In this context, the OECD developed the concept of active manpower policy, as a tool of economic management. Active manpower policy was seen, as having an anticyclical role in the business cycle, through picking up the slack, in the form of training measures, in a downswing, and by removing potential skill bottle-necks, on the upswing(NESC, 1985).

These are cogent reasons for government intervention in the labour market. However, the decision to intervene, and if so to what extent, is more in the area of political philosophy than manpower economics.

In Ireland, the whole area of manpower policy was studied throughout the early 1960s, and culminated in a White Paper on Manpower Policy, in 1965. The White Paper put forward a number of recommendations, including the making of arrangements for the training and retraining of workers. All of these arrangements were contingent on, the successful forecasting of the changes, likely to occur in the supply and demand for labour.

As part of its strategy, the Government proposed the establishment of an industrial training authority, with wide powers to deal with all aspects of industrial training. The Report of the Inter-Departmental Committee on Administrative Arrangements for Implementing Manpower Policy(1965), also recommended the provision of an advisory service to industry, on how best to train their workers. By the time the Industrial Training Act was passed in 1967, the scope of the proposed authority had broadened considerably.

Manpower planning, or more correctly manpower forecasting, was a fundamental plank of active manpower policy. Manpower forecasting was a priority in the 1965 White Paper. However, writers such as Conniffe and Kennedy(1984), NESC(1985), and Hough (1987), agree that the results, of the forecasting process, at national level in various countries, were less than satisfactory, and added to this, the rapid pace of technological

change, tended to invalidate longer term projections. As a result, manpower planning at national level, has been all but abandoned, and a search by the writer, has shown that it has virtually disappeared from the planning literature, since the early 1970s. In Ireland, the Department of Labour did a certain amount of feasibility work on forecasting, but it was not proceeded with, due to technical difficulties, lack of statistics, and the indifferent results achieved in other countries, notably Sweden. This has meant that, state intervention in manpower policy in Ireland, has taken place, in the absence of meaningful manpower forecasts.

1.4 THE APPROACH TO THE STUDY

The importance of state intervention in the labour market was recognised in the early 1960s, and it was incorporated into national planning processes in the form of manpower policy. The AnCO, Training Advisory Service, was part of the initiative for intervention in the Irish labour market. Its function, was to bring about a behavioural change, within companies, by getting them to accept training and development as a means of becoming more competitive. By the time AnCO was amalgamated into FAS-The Training and Employment Authority, in 1988, it was clear that the initiative had not achieved its objectives.

The literature on manpower policy, did not explore the processes by which intervention would bring about effective changes in attitude and behaviour on the part of individual firms. There was an implicit assumption in the manpower policy literature, that simple mechanistic linkages existed, between national policy, and firm level behaviour. However, empirical observations show that this was not the case.

As the literature on manpower planning does not provide a framework for explaining the poor results of the Training Advisory Service, it is necessary to reconceptualise the problem in another form.

On closer examination, it becomes clear, that in promoting training and development, the Training Advisory Service was attempting to implement a process, which would result in a change, in attitude and behaviour, within the individual firms, which make up Irish industry. When we reconceptualise the problem in this form, we are brought into the area of strategic change, and the main stream of strategic change literature. This reconceptualisation allows us to see the process, as the management of strategic change across multiple levels, and to use a system which does not assume mechanistic linkages, which in any case are inappropriate in a democratic society.

There is an emerging framework, for dealing with multi-level change processes, which can be used to look inside the Irish experience of manpower policy, as exhibited by the AnCO, Training Advisory Service. This allows us to empirically analyse it, as a process of multi-level change, using concepts, drawn principally, from strategic change literature.

The research uses as its framework, the contextualist approach to the study of change, as developed by Andrew Pettigrew and his colleagues at Warwick Business School. The analysis of data within this framework, draws on a wide body of literature, dealing with different aspects of organisational and strategic change.

1.5 STRUCTURE OF DISSERTATION

Following the introduction, chapter two reviews the relevant literature, and sets out the conceptual framework for the study. The nature of the study, requires a comprehensive literature review, covering a wide range of topics. This is necessary, as no single theory is capable of providing an explanation, for all of the empirical data.

The different literature streams, are integrated, to form a conceptual framework which provides a fresh way of looking at the problem; with the writings on strategic change, providing the main focus. This approach is necessary, as the literature on manpower policy is unable to provide an explanation for the poor record of the Training Advisory Service.

The third chapter deals with the methodology and method of the project. The establishment of a methodology proved difficult, until the conceptual framework was formulated, as there were many different strands of the project which needed to be brought together.

The form of a single intensive case study suggested itself, because of the unique nature of the organisation, and the complex set of relationships involved, and the fact that there no other Irish organisations, of sufficient similarity, with which it could be compared. The methodology is primarily ethnographic in nature, using qualitative rather than quantitative methods, which allow the description of the unfolding social processes, taking place at, and between the different levels.

Chapter four examines the outer context or environment of the AnCO organisation. It focuses on the economic, political and social changes which took place prior to, and during the existence of the Training Advisory Service. The outer context plays a crucial role in the process of change, as it stimulates the need for change, and so it must be taken into account in the analysis of any strategic change process.

Semi-state agencies, of which AnCO was one, have played a significant part in Ireland's economic development. It was appropriate therefore, that an assessment of these agencies, be included in chapter four. An understanding of the general structure and character of such agencies, provides considerable insight into the functioning of AnCO.

The doing of a description, is a fundamental part of data collection, in a qualitative study(Van Maanen, 1979). Chapter five describes the inner context, the content and the process of change. It sets out the background to the formation of AnCO, and charts its development, over the twenty years of its existence. It also shows, how the Training Advisory Service, was integrated into the organisation as whole.

The Training Advisory Service itself, is then dealt with in depth, allowing both the operation and the inner context of the division to be seen. As much anecdotal material as possible is included, so as to give colour and texture to the study. This is drawn from the writers own experience over an eleven year period and backed up by substantial interviews and other less formal discussions.

Chapter six provides a discussion and analysis, of the data, obtained from the different sources. The structure of the discussion is based on the conceptual framework set out in chapter two. Under the outer context Irelands economic development prior to, and during the lifetime of the Advisory Service is studied. During the existence of AnCO, considerable advances have been made, in the field of human resources management, and the development of AnCO is studied in the light of these changes. The effects of government policies on the activities of the Advisory Service are also examined. The content of change is studied, from the point of view of the initial change the Advisory Service was to bring about, and how the content of this change developed over the years. Finally the inner context is analysed. The structure, culture, political and management aspects are rationalised, using the concept of the organisational paradigm, put forward by Johnson(1992), while the strategy is analysed in terms of its deliberate and emergent characteristics(Mintzberg and Waters, 1985).

Chapter seven draws conclusions from the study, and makes recommendations, based on its results. It examines government policy, and looks at how defects in the original policy, as well as in strategy, were responsible for the lack of the success of the Training Advisory Service. Finally it makes recommendations for further study based on the findings of the research.

CHAPTER II

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 INTRODUCTION

The essence of this study, is the investigation of an organisation, implementing a change process. The focus of the study is the process itself, which is the effective promotion of training and development, within Irish industry, by the AnCO, Training Advisory Service. The function of the Advisory Service was intervention in the labour market, to improve the efficiency and competitiveness of Irish industry, through the effective promotion of training and development.

In attempting to account for the limited success of the Training Advisory Service, a number of broad possible causes suggest themselves. The first possibility is, that the Training Advisory Service did not fully understand the process, in which it was engaged. If this were the case any success, would simply be a matter of chance. The second possibility is, that the Training Advisory Service may have understood the process, but for a variety of reasons, was unable to implement it. A further possibility is, that organic factors at a deeper level within the Advisory Service itself, or the broader government-AnCO-industry relationship, may have prevented a successful outcome. Finally there is the possibility, that the Training Advisory Service may have mistaken temporary change at a superficial level, for more permanent change at a deeper level. While it is possible,

that any one of these reasons alone, could account for the empirical data, it is more likely that each contributed to some extent.

The literature on manpower policy made the implicit assumption, that there was strong mechanistic coupling between strategic intent at government level, and changes in behaviour at the level of individual firms. Empirical observation however, has not shown this to be the case. Manpower policy literature, gives no information on how this process might work, nor does it provide any means of explaining its failure.

The failure of manpower planning literature, to provide acceptable explanations, necessitates a reconceptualisation of the problem in different terms. If we view the Training Advisory Service, as being engaged in the implementation of a strategic change process within industry, then the broad body of literature on strategic change, offers considerable scope, for explaining the indifferent results of the Training Advisory Service.

2.2 LITERATURE REVIEW

2.2.1 Organisational Change

Change may be defined as, the crystallisation of new action possibilities, based on reconceptualised patterns of the organisation(Kanter, 1984). It may involve new policies, products, technologies, behaviour patterns or market ideas. Change involves the construction of new patterns, or the reconceptualisation of old ones, to make new and more productive actions possible. Successful organisations are those who can best manage the change process(Kanter, 1984).

Most writers on organisational change agree, that innovation is an essential element of the change process. Innovation is a creative activity, which comes from the individual and not his organisation. The innovator creates a concept, and then uses it to bring about change in the organisation. Innovation involves considerable risk, to the innovator himself, his reputation, his job and even his organisation.

The innovator needs a creative environment, where he has freedom to experiment, and look at things from different perspectives. However, innovation may be very destructive in an organisation, and the innovator is often seen as an iconoclast. Innovation and change may destroy the values and beliefs to which people adhere, making them feel vulnerable. Resistance to change, is usually not to technical change itself, but to the changes in human relationships, which usually accompany technical change(Lawrence, 1969). The acceptance of change, and the support of innovation, is influenced by the culture and structure of an organisation. It must be remembered, that the Training Advisory Service was attempting to innovate, in organisations other than itself.

2.2.2 Training and Development

The promotion of training and development, was one of the mechanisms used by Government to stimulate growth. Its objective, as seen from the various primary documentary sources, was to ensure that skill shortages did not prevent Irish industry of benefiting from the economic boom of the 1960s. Measures were clearly aimed at manual skills, up to and including the craft level. While the scope of the Industrial Training Act 1967, covers both industrial and commercial training, when it is read, in conjunction with

the different reports, which culminated in the White Paper on Manpower policy 1965, its focus is distinctly blue collared.

In order to assess the effectiveness of the state's use of training and development, as a mechanism for intervention in the labour market, we must have a clear understanding of what training and development means. Modern concepts of training, originate in the realisation that the attainment of high standards of performance, is not simply a matter of "picking up the job" as one goes along. It was recognised, that a wide range of skills could be acquired more speedily, by planned training, than by trial and error. This required the training, to be planned and organised, and the trainee actively involved, rather than being a passive spectator(De Freine, 1985). It represented an end to *laissez faire* in the area of job learning. Training helped people, to learn things better and more quickly, than they might otherwise have done, and learn new things, which they might not otherwise have learned(De Freine, 1985).

There are two main areas of training(De Freine, 1985). The first, consists of training in accepted procedures and techniques, so that the trainee will be better able to conform to pre-existing standards and values. In industry, this is readily equated with physical skills. The trainee is learning the accepted values of society(the firm) as well as special patterns of behaviour.

The second, training for change, involves tackling the social values within the organisation (De Freine, 1985). The frequently heard comment on courses that, "it is the bosses who should be getting this training", is in fact a plea for help in bringing about the

changes necessary, so that trainees can put their training into practice. Training courses may develop the trainee's potentialities, but these will remain passive unless and until they are activated by the work culture.

Training for change, is concerned with achieving some desired situation, and is different from training people to conform to an actual situation. Ideals and goals do not themselves constitute a programme for action. However, goals do have functional attributes associated with them, which can be achieved, if structures and cultures make it possible (De Freine, 1985).

The very fact of engaging in training, demonstrates the assumption, that external factors can bring about change in the trainee, as training is itself an external factor. If it is to be expected that training, which is of short duration, will influence a persons behaviour, how much more will the ever present external factors of supervision, tradition, group standards and values, as well as systems of rewards and punishment, influence behaviour.

To assess the effectiveness of training, it is necessary to specify behavioural objectives at the beginning of training, and check that these objectives are attained, when the training is complete. One of the most nebulous and unsatisfactory aspects of the training function, is the evaluation of its effectiveness. It is easier to evaluate output based, process specific training, with its quantifiable results, than the more vague areas of behavioural change (Torrington and Hall, 1987).

Persons behave, to a large extent, in accordance with the expectations associated with their role or position in an organisation. The individuals role, is related not only to what the organisation requires of him, but also his perception of what the organisation requires of him (Terry and Knibbs, 1970). The trainee inhabits a world where his boss is the dominant figure who provides patterns of leadership, and structures the tasks necessary to achieve objectives.

Training and development, must not only impart specific skills, but must also empower the trainee to make use of these skills. This implies that training and development cannot be separated from the culture of the organisation, and there is more to training than the mere provision of skills.

Training for change requires, not only the development of a clear set of objectives, but also the presence of organisational structures and culture, which facilitate the achievement of the practical aspects of the objectives.

2.2.3 Empowerment For Change Through Organisational Learning

While training people to conform to current situations is important, the training of people to deal with change is of greater importance. The effectiveness of training, is dependent on the ability of both individuals and organisations to learn. Senge(1990), points out that over the long run, superior performance depends on superior learning. Ray Stata of Analog devices has stated, that the rate at which organisations learn, may become the only sustainable source of competitive advantage.

In learning organisations. the role of the leader takes on a new importance, and this role requires new skills; the ability to build a shared vision and, bring to the surface, and challenge mental models(Senge, 1990). This requires critical questioning of the prevailing mental models within the organisation.

The thrust for organisational learning comes from the generation of creative tension, which provides the natural energy for changing reality. This is produced by holding up a picture of what might be, which is more important to people, than what is (Senge, 1990). With creative tension, the energy to change comes from the vision of what we want to create, juxtaposed with current reality. It is important also that people are truthful as to what constitutes current reality.

Senge(1990) argues, that many people and organisations find themselves motivated to change, when their problems are bad enough, to cause them to change. The energy for this change comes from their wanting to get away from some undesirable aspect of current reality. This works for a while, but the change process runs out of steam, as soon as the problem driving the change becomes less pressing. With problem solving, the motivation to change is extrinsic, but with creative tension it is intrinsic. Fear, the energy source behind negative visions, can produce extraordinary change in short periods, but aspiration endures, as a source of learning and growth(Senge, 1990).

Organisations, which are poorly designed, are ineffective from the point of view of organisational learning. The design involves what has been called the "social architecture" of the organisation. This no doubt includes organisational structure, culture

and strategy. Senge(1990) argues that, the consequences which appear today are the result of work done in the past. He goes on to point out, that the first task of design involves formulating the ideas of purpose, vision, and core values by which the organisation will work. Leaders must act as teachers, to help people restructure their views of reality, so as to see beyond superficial conditions and events, and into the underlying causes of problems, and therefore see new possibilities of shaping the future.

2.2.4 Organisational Structure

It has been accepted, for a long time, that the structure of an organisation greatly contributes to its success or failure. Burns and Stalker(1961), believed that the structure of an organisation should change with its needs. They proposed, that a changing organisation should have an organic structure, in which the individual performs tasks, in the light of the task as a whole. Jobs themselves are loose, and are continually re-defined through interaction, and this interaction is lateral as well as vertical.

This idea of an organic structure is further developed by Kanter(1984), into an integrative organisational structure which is sufficiently open, accommodate all sorts of horizontal linkages, both formal and informal. This structure makes possible a high level of communication, formal and informal, at and between all levels within the organisation, and is an essential ingredient, as it empowers members of the organisation to innovate. Study of the of an organisation's structure gives a good indication of its propensity for change.

2.2.5 Organisational Culture

Organisational culture is defined(Fombrun, 1988) as the emergent pattern of beliefs, behaviours and interactions which uniquely characterise the organisation, as it operates within an industrial and societal context. An organisation's culture has three levels. The first level is based on the society in which it finds itself. The second level is drawn from the cultural elements of the generic group of which the organisation is part. AnCO for example, was one of many semi state organisations. Finally, the organisational level of culture is unique to the individual organisation. From these three levels the organisation assigns meanings to objects and events. The more appropriate the culture is to an organisation's activities, the better able it will be to deal with change. At the same time, an organisation's culture must also be consistent with its environment.

Most literature on culture recognises, that culture can shape, and not just reflect power relationships within organisations. The management of meaning and symbolism is a central plank of the development of organisational cultures. The management of meaning, is a process of symbol construction and value use, designed to create a legitimacy for ideas, actions and demands, while at the same time delegitimating those of ones opponents (Pettigrew, 1985;1990; Pettigrew et al., 1988). Major change processes may be seen as a contest about rationalities between individuals and groups. The mechanisms used to legitimate and delegitimate ideas and ideologies are critical to the analysis of change (Pettigrew et al., 1988). Structure, culture and strategy are not just neutral constructs; they are also capable of protecting the culture of the dominant groups. The only way to bring about change, is to foster the ability to deal with new situations, by influencing the conditions that determine the interpretation of situations,

and the regulation of ideas(Pettigrew et al., 1988). The content of realised change is ultimately the product of a legitimation process shaped by political and cultural considerations.

2.2.6. Organisational Strategy

One of the more important functions of managers, is to make strategy for their organisations, and one of the great challenges facing the corporate strategist, is knowing enough about the organisation to be able to think deeply about its strategic direction(Mintzberg, 1989).

The nature of strategy is defined as, a pattern in a stream of decisions(Mintzberg, 1979). Strategy has to do with the long term direction of an organisation, and is not just a response to difficulties(Johnson, 1992). Mintzberg(1979) further points out, the key to managing strategy is the ability to detect emerging patterns, and help them to take shape.

Strategies in many organisations, simply extrapolate established patterns in an environment which they hope will remain stable. Real strategy has two elements one deliberate and the other emergent(Mintzberg, 1979). The deliberate element contains the a priori intentions of the strategist, and precludes learning as it attempts to achieve the original objectives, ignoring signals from the environment. The emergent element results from the interaction of the strategy with its environment, and the strategy is altered to take into account changing circumstances.

Organisations go through periods when strategies develop incrementally; that is decisions build one upon another, so that past decisions mould future strategy. This process, described by Quinn(1980) as logical incrementalism, involves a consciously and logically managed process of strategy development, which takes into account the uncertainty and complexity of the situation. Trade-offs between different interest groups is an essential part of the internal politics of organisations, and compromises allow strategies to be developed gradually, which allow continued low scale change. Logical incrementalism is the means by which emergent elements are incorporated into the strategy.

2.2.7 Analysing Organisational Change

Up until recently, research into the process of change within organisations, has been dominated by research into content, which focuses on endogenous factors (Peters and Waterman, 1982; Deal and Kennedy, 1982; Kanter, 1984) such as structure and culture. At the same time, the effects of the external context of the organisation, on strategic change, has remained unexplored. This problem has been redressed somewhat by the work of Pettigrew(1985;1990)(Pettigrew et al., 1988). Pettigrew and his co-workers at the Warwick Business School, have attempted to extend this research on the process of strategic change, to the change processes that themselves extend beyond the boundaries of the organisation, and into the wider social system within which they are embedded. Leavy(1991a) has shown that this framework can be extended to handle multi-level dynamic systems.

2.2.8 Analysing Change Processes In Context

Pettigrew et al.(1988) and Pettigrew(1990) have highlighted the limitation of literature on strategic change in that most of it is ahistorical, aprocessual and acontextual. Their studies have shown that context, process and outcome of strategic change are interrelated, and that strategic actors within the change process seek to harness the forces in the external and internal context of an organisation to help them influence the pace, direction and outcome of the strategic change process. These processes are often indirect and unprogrammed. Sometimes outcome is achieved exactly as was intended. At other times the outcome is a result of a mixture of realised intentions, unrealised intentions and unintended or emergent elements(Mintzberg and Waters, 1985).

There are very few studies of change which actually allow the change process to reveal itself in a contextual manner. The change process is treated as a unit of analysis, with the focus is on a single event or a set of discrete episodes, somewhat separate from its immediate and more distant antecedents which give the events form and substance. This limits itself to a snapshot in time rather than a time series of data, and it fails to provide information on the mechanisms and processes by which change is created. Pettigrew (1990), believes that theoretically sound and practically useful research into change should explore the contexts, content and process of change together with their interconnections through time. Pettigrew et al.(1988) believe that the starting point for the analysis of any change, is the notion that formulating the content of any strategy for change, entails managing its context and process. They further believe that a view of the process combining rational, political and cultural elements has real power in explaining continuity and change. Explanations of change have to be able to deal with continuity

and change, actions and structures, endogenous and exogenous factors, as well as the role of chance and surprise.

Pettigrew et al.(1988), defines content as referring to the particular areas of transformation under study. The process of change refers to the actions, reactions and interactions of the various interested parties, as they seek to move from an initial to a subsequent state. The analysis of process tells us how the change took place. Most of the reasons why changes take place can be can be derived from the analysis of context.

The context is divided into outer context and inner context. Outer context refers to the national economic, political and social context in which the organisation finds itself. These elements of the outer context play a crucial role in the process of organisational change. The inner context refers to the on-going strategy, structure, culture, management and political processes, taking place within the organisation, which help to shape the processes through which ideas for change proceed.

The challenge, in the analysis of change, is to connect up content, context and processes of change, over time, to explain the achievement of change objectives. The result of the change process, may either be as intended or be emergent (Mintzberg and Waters, 1985). The most critical connection, is the way actors in the change process, mobilise contexts around them, and in so doing provide legitimacy for change.

2.2.9 Organisational Capacity To Change

Having the correct policies for change is not sufficient, the organisational capacity to change is also necessary (Pettigrew et al., 1988). This organisational capacity, or organisational readiness(Lengnick-Hall and Lengnick-Hall, 1985), requires the availability or obtainability of human resource skills, numbers, styles and experience needed for strategy implementation. This idea is extended further by Ulrich(1989), to the concept of organisational capability, which becomes a source of competitive advantage, when people are recognised as a critical resource, and are managed to create a common focus for, and direction within, the organisation.

With respect to the relationship between structure, culture and innovation, Kanter(1984) has shown that a segmentalist organisation, with its vertically integrated structure does not empower the potential innovator, as it can make him feel the risk is too great. An integrative structure on the other hand, she points out, with its numerous linkages both formal and informal, allows the communication and information transfer necessary for innovation. Good communication, removes much of the nervous uncertainty which causes resistance to change. In an organisation with a structure of an integrative nature, security comes from the culture, rather than from a rigid structure. The culture and structure of an organisation empower or inhibit the innovation which leads to change.

2.2.10 Context

In order to understand how and why change processes take place, it is necessary to understand the context in which the change takes place. Context is not just a stimulus environment, but a nested arrangement of structures and processes, where the subjective

interpretations of the actors perceiving, comprehending, learning and remembering help to shape the process. Processes are both shaped by contexts and shape contexts, either in the direction of preserving or altering them(Pettigrew, 1990).

The outer context of an organisation or system, encompasses all the external factors which impinge in any way on its activities. These include economic, political and social factors. The analysis of the outer context, describes how the organisation is embedded in its environment, and the ways in which the environment affects the change processes taking place within the organisation. This area of analysis poses little difficulty at a conceptual level.

The inner context of an organisation refers to the on-going strategy, structure, culture management and political process of the organisation(Pettigrew et al., 1988). There is no easy relationship between the structure of an organisation, its culture and its strategy, as there are innumerable factors involved. Peters and Waterman(1982),and Johnson(1992), use the "McKinsey 7S Framework" and the "Cultural Web" respectively, to group these factors in manageable form. While there are many similarities between the two models, Green(1988) and Johnson(1992), would see strategy as a logical progression from the structure/culture system, rather than being part of it.

The cultural web as Johnson(1992) sees it, groups the various structural and cultural elements of the inner context, under six headings namely; power structures, organisational structures, control systems, rituals and routines, stories and myths, and symbols. These separate elements interact with each other to form the "paradigm", which

is a set of core beliefs and assumptions which fashion an organisation's view of itself and its environment.

2.2.11 The Organisation Paradigm

Johnson(1992) argues that managers have a set of core beliefs and assumptions, which are specific and relevant to the organisations in which they work. These beliefs are learned over time. While individual managers may hold varying sets of beliefs, at some level there is a core set of beliefs and assumptions, held relatively commonly, by all managers. This ideational culture or paradigm, is essentially cultural in nature, in so far as it is the deeper level of basic assumptions or beliefs shared by members of the organisation. These beliefs often operate unconsciously, and define in a "taken for granted" fashion, an organisation's view of itself and its environment.

The paradigm creates a relatively homogeneous approach, to the interpretation of the complexity that the organisation faces. The paradigm evolves over time, and is refined through the history and the successes of the organisation. It is at one and the same time, a device for the interpretation of context, and a formula for action. The external context and the organisational capabilities affect performance, but do not create strategy (Johnson, 1992). People create strategy, and one mechanism by which this occurs, at the cognitive and cultural level, is the paradigm. The paradigm encapsulates the power structure and cultural systems of the organisation, and is much more than a simple set of beliefs.

The existence of the paradigm helps to explain the resistance to change in organisations, as strategic change may require action which is outside the scope of the paradigm. This in turn requires members of the organisation making substantial changes to their core beliefs, or in "the way we do things around here", so managers are much more likely to attempt to deal with situations, in terms of the existing paradigm (Johnson, 1992).

Change, will necessitate change to the paradigm, as the only way to bring about lasting change, and foster the ability to deal with new situations, is by influencing the conditions that determine the interpretation of situations and the regulation of ideas(Pettigrew et al., 1988). The change process will ultimately involve a process of delegitimation of the existing paradigm. Challenges to the legitimacy of constructs within the paradigm, are likely to be disturbing, because they attack those beliefs which are central to managerial life. They will also be interpreted as threatening, by the political elites within the organisation, whose roles are likely to be closely associated with the constructs of the paradigm. For this reason managers are likely to discount evidence contrary to the paradigm, but readily absorb that which is in line with the it (Johnson, 1992). Even where a clear direction of strategy has been established, the likelihood of achieving fundamental strategic change is low, unless the climate for change exists. The acceptance of the need for change usually requires a significant trigger, in the form of a crisis or major threat. Even then change will not occur, unless there are organisational structures in place which facilitate the innovation which underlies the change processes.

Too few executives who attempt strategic change, think of it in terms of the symbols and routines, which underpin organisational life. Green(1988) argues that symbols reveal the

true hierarchy of values within organisations. Symbol change is important as it signals change at the level of the paradigm. Johnson (1992) argues that the paradigm or core of "taken for grantedness" is the mechanism which controls the organisation's ability to undergo strategic change.

If an external agency wishes to alter the strategy of a target organisation, it must act at the level of the organisation's paradigm. Johnson(1992) argues that paradigm dominates strategy, and can cause resistance to significant change. The paradigm describes the way in which things are done in an organisation, and it filters out both consciously and unconsciously, those aspects of strategy which are at variance with itself.

2.2.12 Analysis Of Strategy

The making of strategy deals with the positioning of an organisation within its environment, so as to make the best use of its advantages as it perceives them in, order to achieve its objectives. Mintzberg(1979) sees strategy making, in the broader sense, as referring to how the wider system called the organisation establishes, and where necessary changes its orientation. Strategy also takes up the complex issue of collective intention i.e. how an organisation composed of many individuals makes up its mind.

In order to analyse strategy, and understand the relationship between an organisation's intentions, and what it actually did, Mintzberg and Waters(1985), break strategy into intended strategy, which is what an organisation planned, and realised strategy, which is what eventually occurred. By comparing intended strategy with realised strategy we can

distinguish between a deliberate strategy which was realised as intended and emergent strategy which was realised despite the absence of intentions.

For a strategy to be perfectly deliberate the realised pattern of actions must occur exactly as intended, while for a strategy to be purely emergent there must be order or consistency in action over time, in the absence of any intention about it (Mintzberg and Waters, 1985). These are the opposite ends of the spectrum and real strategies contain both deliberate and emergent elements.

Strategies in many organisations, simply extrapolate established patterns in the environment which they hope will remain stable. Mintzberg and Waters(1985), point out that following a deliberate strategy as intended precludes strategic learning as attention is focused on realising the strategy, and refusing to adapt, as messages from the environment provide information on the changing context. Emergent strategy implies learning what works; it does not mean chaos but rather an unintended order. The emergent element in a strategy allows management to respond to an evolving reality.

Organisations go through periods when strategies develop incrementally; that is decisions build one upon another so that past decisions mould future strategy. This process, described by Quinn(1980) as logical incrementalism, involves a consciously and logically managed process of strategy development, which takes into account the uncertainty and complexity of the situation. Trade-offs between different interest groups is essential as part of the internal politics of organisations, and compromise enables strategies to be developed gradually which allow continued low scale change.

Quinn(1980) suggests that past organisational strategies have a bearing on the present. Based on this Boeker(1989) argues that the best place to begin an investigation of the determinants of strategic change, is in the earliest phase of an organisation's existence. Kimberly(1979) says with regard to founding of organisations, "just as for a child, the conditions under which an organisation is born, and the course of its development in infancy, have important consequences for its later life." This examination of an organisation's genesis, highlights the importance of history in determining future actions. Many organisational researchers have noted the importance of history, and have argued that an organisation's history is crucial to its future development. They believe that organisations can only be understood, in the light of their early phases and subsequent evolution. Stinchcombe(1965) noted, that events surrounding the creation of a new organisation, have long lasting effects on its future development. Given these potentially powerful historical effects, an important predictor of an organisation's current strategy may well be its strategy at founding.

Porter(1980) shows that when an organisation adopts one class of strategy, it automatically makes the adoption of other strategies difficult or impossible. Thus Boeker(1989) argues, that the early patterns of an organisation, may limit the range of future strategic actions it is likely to consider. Each particular strategy requires specific skills, as well as investment in facilities and personnel, which may be only marginally useful, if a firm subsequently adopts a different strategy. He further points out, that the extent to which initial strategy may resist subsequent change, relates to the founding conditions, and this resistance to change is caused by what Stinchcombe(1965) describes as "traditionalising forces" which is in reality the organisational paradigm.

2.3 CONCEPTUAL FRAMEWORK

The inability of the literatures on labour economics and manpower policy, to provide an explanation for the poor performance of the Training Advisory Service, has made it necessary to look at other areas, in an effort to find an explanation. Empirical observation clearly shows, that there is something going on in the process, central to its understanding, which cannot be explained in terms of pure economic rationalities or mechanistic linkages. It is clear that the process under investigation is a very complex one, with economic, political, social and cultural dimensions.

To understand the complexity of the process, in which the Training Advisory Service was involved, it is necessary to understand the intricate web of relationships which existed between the Government, AnCO and industry, and how this dynamic system fitted into its environment.

Figure 1, attempts to show the different sets of relationships, at various levels, which existed between Government, AnCO and industry, over the twenty years of AnCO's existence. Firstly the Government-AnCO-Industry system was embedded in its external environment or outer context. AnCO as an organisation, was a semi-state agency, under the control of the Department of Labour. A number of different sets or relationships existed between AnCO and industry. As a semi-state agency, AnCO had industry representation on its council, which was its controlling board. The Training Advisory Service(TAS), a discrete operating division of AnCO, was made up of a number of sub divisions called designations. Each designation had its own industry training committee, on which there were representatives from industry. At operations level the individual
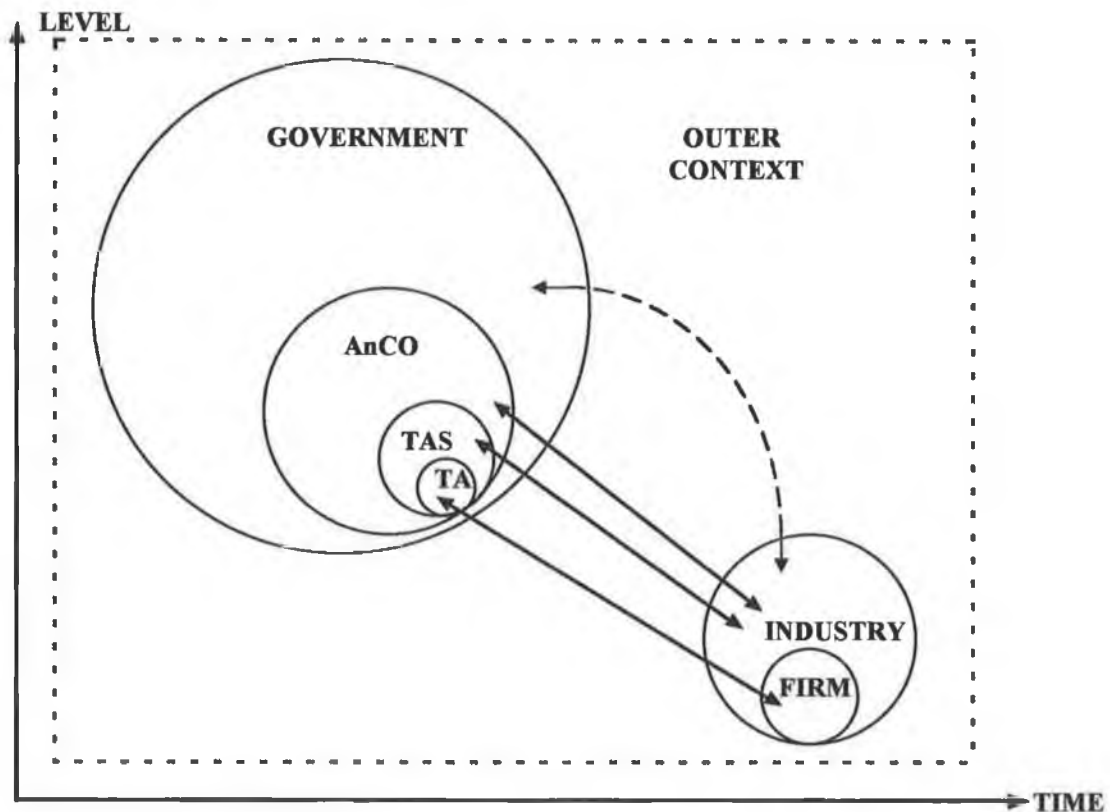
Figure 1. Government-AnCO-Industry Relationship

Training Advisers(TA), dealt directly with the individual firms in the different industry groups. Finally there were other relationships(denoted by the broken arrow), between government and industry, which did not directly involve AnCO, but did from time to time impact on its operations.

This set of relationships was not a fixed mechanistic structure, but a complex and dynamic system, in a continual state of flux, as the environment in which it was embedded, changed over time. There is little doubt that the explanation for the problems encountered by the Training Advisory Service, in the promotion of training and development, lies in this complex set of relationships. It is important that the system be

analysed as a unit, otherwise many of the deeper meanings may be lost(Mintzberg, 1979).

The empirical evidence shows, that the Training Advisory Service failed to make a permanent impact with firms, over the longer term. The operating strategy was based on the belief that mechanistic linkages existed, whereby particular actions at government, level would result in specific changes in behaviour, at the level of the firm. The process literature in the strategy field, has called these beliefs into question.

2.3.1 Reconceptualisation Of The Problem

If we reconceptualise the activities of the Training Advisory Service, within the scope of strategic change literature, what emerges is a multi-level system, in which the Advisory Service was a strategic actor. The focus of the Advisory Service, becomes the implementation of a change processes, within the individual firms of industry, on behalf of government.

There is an emerging framework for the analysis of such change processes. While much of the literature on strategic change has concerned itself with the way in which indigenous factors have influenced the pace and outcome of strategic change, there has been relatively little empirical examination, of the role that the wider context of an organisation plays in the process of strategic change.

Pettigrew(1985; 1990) has highlighted this limitation in strategic change literature, and has shown that the context, process and outcome of strategic change are interrelated in a

non-linear way. He found that strategic actors, within the change process, actively sought to harness the forces, in the internal and external context of the organisation, to help them to influence the process, direction and outcome of strategic change.

Pettigrew's work provides a useful basis for understanding how the processes of strategic change are initiated and progressed within organisations. Leavy(1991a) has shown that this approach is equally valid for the study of multi-level systems.

2.3.2 The Pettigrew Meta-Framework

The Pettigrew(1985; 1990) and Pettigrew et al.(1988), context-process-content meta-framework, provides a useful tool for the analysis of the strategic change process in which the Training Advisory Service was involved. This framework set out in diagrammatic form in figure 2 is appropriate because it links together the context, process and content which are the different dimensions of strategic change. Strategic change is a continuous process which occurs in given contexts(Pettigrew, 1985). It is important to appreciate the role of context in shaping strategic change. Another important point in relation to change processes, is that strategy does not move forward in a direct linear way, or through easily identifiable sequential phases, rather it is continuous iterative and uncertain(Pettigrew and Whipp, 1991).
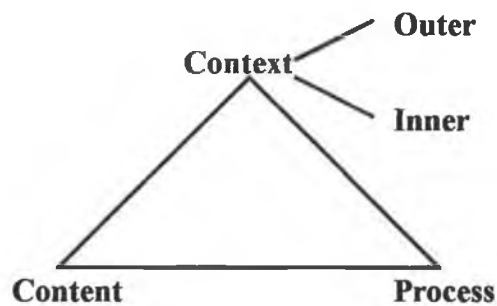
Figure 2 Outline Analytical Approach to Change(Pettigrew et al., 1988)

As context is the primary driving force behind organisational change, Pettigrew(1985, 1990) and Pettigrew et al.(1988) argue that the starting point for the analysis of the change process, involves a close study of how the context changes over time. This helps us to understand, whether the organisation involved in the change process was managing its context to legitimate its preferred change options, or was simply a hostage to fortune. An understanding of the content and process of change many be got by means of a descriptive analysis.

2.3.3 Analysis Of Context

Pettigrew(1985; 1990) and Pettigrew et al.(1988) do not provide a specific framework for the analysis of organisational context. The analysis of outer context poses no difficulty as its national political, social and political character is readily visible. The analysis of inner context is far more problematic however, as it includes on-going strategy, structure, culture, management and political processes.

Johnson's(1992) cultural web is used as a means of resolving the forces produced by the different elements of inner context; structure, culture management and political processes. These different forces resolve themselves into a single force which Johnson(1992) calls the paradigm. The paradigm typifies the set of core beliefs and assumptions, held within an organisation. The analysis of the inner context of the Training Advisory Service, requires the clear identification of its paradigm. As major strategic changes are usually associated with paradigm shifts, it will be important to identify any major changes in the paradigm, over the existence of the Training Advisory Service.

Green(1988) and Johnson(1992), see strategy as part of the inner context; but unlike Peters and Waterman(1982) who see it as part of the cultural constructs of an organisation, they see it as a logical progression from, and a product of the interactions of the other cultural elements which in reality is the paradigm.

Johnson(1992) believes that strategies, which emerge through the social and political processes, are configured within the bounds of the paradigm. The analysis of the paradigm helps us to understand the hidden depths and meanings of the organisation, which give rise to the development of its strategy, over time.

Analysis of the strategy of the Training Advisory Service is based on the Mintzberg and Waters(1985) model of intended versus realised strategy. This model examines how the strategy of an organisation develops, and how some of the intended strategy may remain unrealised, while at the same time emergent elements may become incorporated into the

strategy. Mintzberg(1989) sees the strategy of an organisation being crafted, in the sense that the strategy makers learn what works, and the strategy begins to develop incrementally, with emergent elements being incorporated as time goes on.

If we are to understand how the strategy of the Training Advisory Service developed over the years, we must understand its initial strategy very clearly. It is possible that a later incorrect strategy may have developed from an initial strategy which was essentially incorrect(Boeker, 1989).

Strategic learning is an essential element of strategy development(Mintzberg, 1979), as it helps an organisation to redirect its strategy towards meeting the challenges of its outer context. The ability of the Training Advisory Service to be a learning organisation may dictate the appropriateness and effectiveness of its ultimate strategy.

2.4 SUMMARY

Manpower policy literature, has failed to explain, why the Training Advisory Service was unsuccessful, in promoting training and development, at an organic level within firms. As a result, we have had to look to other literatures to gain an insight into the dynamics of the processes, which were taking place between the Training Advisory Service and individual firms.

Training and development, has all too often been seen simply as the acquisition of process specific skills, with little or no attention being given to its role in facilitating organisational change.

The literature on organisational change, provides us with insights into the process of innovation and change, and the role which organisational structure and culture play, in change processes. The contextualist approach to the analysis of organisational change takes into account the changes in context over time. The analysis of outer and inner context provides an explanation of why change takes place. The inner context contains a complex web of factors which are rationalised in the form of the organisational paradigm.

The analysis of organisational strategy, which is a logical progression from the paradigm, requires that strategy be disassembled into its intended and emergent elements. Finally the continuance of successful strategy is contingent on the learning ability of the organisation.

The present study, seeks to use this diverse body of literature, to provide an explanation for the poor levels of success of the Training Advisory Service, and at a more general level, provide insight into the functioning of agencies which have an intervening role.

Having reconceptualised the function of the Training Advisory Service as the implementation of a strategic change process, we require a framework to study its implementation, and account for the poor performance of the Advisory Service. The context-process-content meta-framework, developed by Pettigrew(1985), offers an empirically sound method of studying multi-level systems.

Pettigrew sees context as being the primary promoter of change. The framework itself provides no mechanism for study of context which is sub divided into inner and outer context. The outer context which incorporates national political, economic and social elements is relatively easy to study. The inner context which includes on-going strategy, structure and culture of the organisation is more difficult to analyse. Johnson's(1992) cultural web is used to bring together the structural and cultural aspects in a manageable form, and resolve them as the organisation's paradigm, which encapsulates the organisation's core beliefs.

The strategy of the Training Advisory Service is analysed using the Mintzberg and Waters(1985) model for intended versus realised strategies. This explains how emergent elements become incorporated into strategy over time as the organisation learns from its outer context.

This overall conceptual framework allows the us to bring a battery of qualitative analytical techniques to bear on the operation of the Training Advisory Service in order to explain its poor results over the longer term. At a more generic level, it is hoped that it can generate some descriptive theory, on the operation of state agencies which act on behalf of government, to bring about strategic change in target organisations. At present there is a marked absence of such theory in the public administration literature in these islands.

CHAPTER III

METHODOLOGY

3.1 INTRODUCTION

The literature on manpower policy and labour economics, is unable to explain why Ireland is such a poor trainer, despite many years of effort, and the expenditure of £127M, on the promotion of training and development. The reconceptualisation of this problem, with the aid of strategic change literature, has provided us with a fresh perspective on the failure of the training initiative.

When looked at, in terms of strategic change literature, it becomes clear that the AnCO, Training Advisory Service, was an agency implementing a change process. This change process, was being implemented on behalf of the government, and was taking place within the individual firms which comprised Irish industry.

The first step in the reconceptualisation process, involved the identification of the complex web of relationships existing between government, AnCO and industry which are set out in figure 1. This clearly identified the Training Advisory Service, as forming a key linkage, in a process, by which strategic intent on the part of the government, was transmitted through multiple levels of social structure, to bring about change in the target organisations.

The overall structure of the study, is based on the contextualist approach to change, pioneered by Pettigrew and his colleagues, at University of Warwick, and which has been shown by Leavy(1991a), to be applicable to multi-level systems. Within the overall framework, Johnson's(1992) cultural web, is used to resolve the different elements of inner context, into the more manageable form of the organisational paradigm. The study of the organisational strategy, which is a logical progression from the cultural web, uses the work of Mintzberg and Waters(1985), to analyse the nature of the strategy of the Training Advisory Service. Care has been taken to study the system as much as possible as a single unit. This avoids the pitfalls in the slicing up organisational systems, which results in an incomplete view of the system (Mintzberg, 1979).

3.2 METHODOLOGY

The form of a single intensive case study was chosen as the means of investigation. Firstly there were no other organisations nationally, of sufficient similarity, whose study would give added insights, into the operation of AnCO and the Training Advisory Service, and the resources of the researcher did not allow for international comparisons. Secondly, the complexity of the set of relationships meant that a single in-depth study, of the organisation, and its relationships with government, and with its target firms was warranted. This approach is supported by Mintzberg(1979), who points out that there is nothing wrong with samples of one, and that in depth knowledge of one organisation may be worth far more than superficial knowledge, of a larger number.

The methodology of this study is essentially ethnographic in nature, and uses qualitative rather than quantitative methods. The use of appropriate descriptive language, when

operating in a qualitative mode, allows us to reduce the distance between theory and data, and between context and action (Van Maanen, 1979). Qualitative investigation, tends to describe the unfolding of social processes, rather than their structures, and the doing of descriptions is the fundamental act of data collection, in a qualitative study(Van Maanen, 1979).

The analysis of culture is best done, through rich description, which goes behind stereotypes, and makes explicit the different social viewpoints(Green, 1988). It also helps us to identify the various subcultures which exist, in so called unicultural organisations.

Qualitative data are attractive for many reasons as they are rich, full, earthy and holistic. Their face validity is unimpeachable, and they present a chronological flow and suffer minimally, from retrospective distortion (Miles, 1979). However, there is an inherent difficulty with analysis, as the analytical methods are not well formulated.

Data which are symbolic, and contextually embedded, often become meaningless when subjected to data reduction techniques, as these techniques very often destroy the essence and texture of the data (Mintzberg, 1979 ; Van Maanen, 1979). Theory building requires rich description, and this richness comes from anecdotal data, which gives the researcher a sense of things(Mintzberg, 1979).

The study of the changing context, helps us to understand and explain, both the process and content of change within an organisation (Pettigrew, 1985 ; Pettigrew et al, 1988). The history of an organisation is important, because it is not just events and chronology;

there may be deeper layers of meaning if the analyst searches beneath the surface phenomenon. The longitudinal study of social dramas, provides a transparent look at the growth, evolution, transformation and perhaps the decay of an organisation over time (Pettigrew, 1990).

The study of the outer context of AnCO, which is the national, economic, political and social environment, necessitates the use of primary documentary sources as well as historical, social and economic commentaries. These provide both the facts and texture of the external context.

The study of the inner context of an organisation, with its concentration on culture, directs our attention to sources of coherence and consistency in organisational life, to the dominating beliefs or ideologies, which provide systems of meaning and interpretation, and which filter in and out environmental and intra-organisational signals(Pettigrew et al, 1988). The cultural web(Johnson, 1992) provides a mechanism for analysing how the different elements are integrated to form the paradigm, which is the deeper level of basic assumptions and beliefs, shared by members of an organisation. The paradigm is a relatively homogeneous approach, to the interpretation of the complexity an organisation faces, and is the key to the understanding of strategy, which is a logical progression from the organisation's culture.

The analysis of strategy, allows us to understand the way in which the Training Advisory Service interacted with its target firms. The framework for the analysis of strategy is broadly that of Mintzberg and Waters(1985). It examines the intended and realised

strategy, and takes account its emergent elements. Because of its importance, the organisational paradigm must also be taken into account, in so far as it affects strategy, through the way in which it empowers an organisation, to learn from its outer context.

3.3 METHOD

In developing grounded theory, which is based on the observation of particular cases, Glaser and Strauss (1967) point out the importance of being open to what a site has to tell us, and slowly evolving a coherent framework rather than imposing one from the very start. On the other hand Miles(1979), argues that coming to research projects with no assumptions may result in a difficulty of focus. He recommends that a rough working framework should be should be in place at the beginning of the project; if it is not, there is a risk that an incoherent, bulky, irrelevant and meaningless set of observations may be produced of which no one can make sense.

Bearing in mind the above caveats, the basic strategy was one of developing preliminary frameworks at an early stage which were revisited and revised frequently over the life of the project.

The initial research did not follow a linear progression, but rather experienced erratic changes in direction, as the conceptual framework reacted with the data until it reached its final configuration. Only then was a more linear sequence possible. Early data made it clear that the planning metaphor, consistent with manpower planning and labour economics, did not explain the empirical data which was being accumulated. The obvious promise held out by the Pettigrew(1985, 1990) meta-framework, gave a clearer direction

to the process of data collection, as well as pointing to areas of literature which would move the research forward.

As context helps to shape the process through which ideas for change proceed, considerable attention was paid to understanding the outer and inner contexts of the AnCO organisation as a whole, and that of the Training Advisory Service in particular.

The outer context, which has national economic, political and social dimensions, is common to each unit in the government- AnCO-industry system. In the study of the outer context use was made of the work of various historical, economic, political and social commentators. The logical start point for studying the outer context was the First Programme for Economic Expansion, whose effort to kick-start the economy ultimately led to the AnCO initiative. The outer context traces economic development, through boom and recession, up to 1988 when AnCO was amalgamated with other state agencies to form FAS-The Training and Employment Authority. As the state sponsored(semi state) body, is an integral part of Ireland's economic development, it is necessary to understand the structure and functioning of these organisations, of which AnCO was one. This is important as the nature of the state sponsored body has implications for understanding the AnCO organisation.

Doing a description is a fundamental part of data collection in a qualitative study(Van Maanen, 1979), and anecdotal data which is got from spending time on site helps us to build theory requiring the rich description which comes from anecdote(Mintzberg, 1979).

The study of the Training Advisory Service is approached from a number of directions. As antecedent conditions can shape the present and emerging future(Pettigrew, 1990), it is necessary to go back to the deliberations which preceded the formation of AnCO. These are to be found in primary sources such as inter departmental committee reports, reports of the Committee on Industrial Organisation, NIEC Report on Manpower Policy, the White Paper on Manpower Policy, Dail and Seanad debates on the 1967 Industrial Training Bill and the 1967 Industrial Training Act itself.

Use was made of annual reports going back over the twenty years of AnCO's existence. Other sources included interviews with people who had worked in AnCO in the early phases of its existence, the writers own experience gained while working in the organisation, historical data, and impressions and anecdotes collected over the years from numerous colleagues within the organisation. Personal work diaries and various other documentation accumulated by the writer over the years also contributed.

The study of the inner context involved an ethnographic approach as used in anthropology. This allows the researcher to use the socially acquired and shared knowledge, available to participants, to account for the observed patterns of human activity (Gill and Johnson, 1991). In order to explain the actions of people working in organisations, it is necessary to understanding the various cultures, subcultures and organisational settings, for it is out of these systems of meanings, beliefs and values that rational action arises(Gill and Johnson, 1991).

The writers position as a Training Adviser, for almost eleven years provided a unique opportunity to become immersed in the activities and culture of the AnCO organisation, in a way that no outside researcher could ever be. It provided an opportunity not only to observe the organisation itself, with all its incongruities, but also to observe and experience at first hand its relationships with its clients in industry, and with government.

The writer was a participant observer, albeit that observations were only reflected on at a later date in relation to this research. However, it can be argued that these observations are valid, as they were made objectively at the time, as a result of the writers interest in organisation phenomena. Being a member of the organisation enabled the writer to experience the organisation, and not merely observe its activities. This method of studying people and organisations, usually enables a great deal of depth in research, since it allows the researcher to get very close to the phenomenon of interest, by catching the often hidden experience of organisation members (Gill and Johnson, 1991).

This form of observation allows the researcher to penetrate the various misinformations, fronts, evasions and lies, that are considered endemic in most social settings, including business. Participant observation, may be the only viable means of discovering what is actually happening within organisations (Gill and Johnson, 1991). As the observer was an ordinary member of staff, his presence did not in any way skew the phenomenon being observed.

There are inherent dangers in the method of participant observation, such as that of the observer 'going native'. In the case of an observer who has to function as a member of

the organisation, there is a danger of using the organisation's paradigm to give meaning to the actual observations. However, it was the failure of the Training Advisory Service paradigm, to provide the writer with a satisfactory explanation of the observed phenomena, which prompted this research in the first instance. This in itself helps to validate the observations.

In order to minimise these dangers, the raw data was reassessed, in the light of the developing analytical framework. The problem which led initially to this research project, was noted very early during the writers time in the Training Advisory Service. Difficulties in understanding the problem, as well as various other reasons, caused it to be ignored, although it was discussed with colleagues on numerous occasions but without a satisfactory explanation. Long term membership of an organisation, provides a rare opportunity to experience it at first hand, and it can yield insights not available to the outsider, provided care is taken to prevent the possible loss of objectivity.

The descriptive work on AnCO, is base firstly on the writers own in-depth knowledge of the organisation. This was completed approximately three years after retiring from the organisation, so that the effects of organisational culture had diminished and the raw data were recorded without an attempt at interpretation at that stage.

Bearing in mind the difficulties facing a participant observer, who was part of the culture of AnCO, and in an effort to get a more balanced view of the organisation, corroborative evidence was sought from a number of sources. An in-depth examination of the organisation's twenty annual reports yielded some useful information, but equally

significant was the absence of other information such as any real development of policy for the Training Advisory Service, above and beyond the vague policies of the early years.

The principle means of getting corroborative evidence, was through loosely structured face to face or telephone interviews, with twelve individuals. The face to face interviews were of approximately two hours duration, while the telephone conversations lasted about one hour each. The interviewees come from two groups, firstly people who were at one time or another members of the staff of the Training Advisory Service, and who worked at different levels, and in different designations. Some of these presently work in industry. This gave a feel for the personal experiences of other people within the organisation. The second group of interviewees consisted of a mix from industry, industry representative organisations and the trade unions. This helped to get the views of the AnCO target groups. A number of other less formal discussions on various aspects of AnCO took place with a similar number of other individuals.

The interviews took the form of loosely structured conversations and were designed to get a feel for the position of the interviewees as much as seeking information on AnCO itself. This also helped in getting a better understanding of the organisational culture. The loose structure allowed interesting avenues to be probed more easily, and also allowed unexpected information to come to the surface. The formal interview phase was suspended when interviews no longer yielded significant new data.

It is interesting to note, that having assessed all the individuals from industry with whom the writer had had contact over the years, only a few were considered as worthwhile interviewees, as most merely complied with statutory requirements and took no real interest in the activities of the Training Advisory Service. This in itself provides significant evidence for the poor impact of the Training Advisory Service.

The analysis of the data follows the conceptual framework, which provides a model for analysing a dynamic system, and allows us to look at the functioning of the Training Advisory Service, within the wider system.

CHAPTER IV

OUTER CONTEXT

4.1 INTRODUCTION

The existence and operation of any organisation is not independent of its environment. This environment or outer context has economic, political and social dimensions. Analysis of the outer context provides an insight into the threats, opportunities and pressures, created by the environment, in which the organisation is embedded. It should be remembered, that neither the organisation or its outer context are static, rather they are both in a state of evolutionary flux. A study of the outer context may help us to understand both the content and the direction of the change process.

History is not just events in the past, but is alive in the present, and may shape the future(Pettigrew, 1990). As antecedent conditions may impact on the present and emerging future, it is important the historical development of outer context be closely examined. Thus a historical perspective of Irish economic development, may provide a basis for understanding the actions of both the state and industry.

The rebirth of the Irish economy in the late 1950s, laid the foundations for the strong economic growth of the 1960s. This unprecedented growth led to the fear of skill shortages, which in turn led to the formation of AnCO-The Industrial Training Authority.

The first oil crisis in the early 1970s triggered of a recession which changed the ground rules under which AnCO operated, and for the remainder of its existence, AnCO was operating in a recessionary environment.

The thirty year period, beginning with the First Programme for Economic Expansion, in 1958, saw dramatic changes in the nature and structure of Irish industry. Many of the traditional labour intensive industries faded out, and were replaced by high technology industry, imported from abroad. This resulted in a demand for skills of a kind not envisaged when AnCO was formed.

The establishment of statutory boards and quasi state corporations, was a consequence of the enlargement of the area of government responsibility. These semi-state organisations as they were known, were not the result of doctrinaire policies (Lemass, 1959) but were rather, a pragmatic response to particular needs. Irrespective of whether these bodies were commercial or non commercial, their structure was based on the same blueprint. As empowerment for change is dependent on structure and culture(Kanter, 1984), it is important to see how the structures of these organisations, of which AnCO was one, affected their ability to achieve their objectives.

4.2 HISTORICAL PERSPECTIVE

The AnCO organisation was a product of the economic conditions of the 1960s, and its operation and direction, were dictated by the changing conditions throughout its existence. Meehan(1970) points out that Irish economic problems and policies cannot often be fully understood without reference to Irish history. The principal historical

sources used are Ireland 1912-1985: Politics and Society by J. Lee and The Economy of Ireland: Policy and Performance edited by J. W. O'Hagan(1984).

The pre 1958 economic situation, is summarised by Fitzgerald(1984). Following the civil war, of 1922-23, which was more destructive of property and morale, than the War of Independence, the country continued to remain disturbed for a long time. The new government faced an enormous task, of pacification and reconstruction. This left little time for measures to secure economic development. This government, moreover, was not well equipped with in terms of economic expertise. The more intellectual members, of the government, were literary men, rather than economists, and relied heavily, on the guidance of conservatively minded advisers, who advocated caution, with regard to any measures, which would separate the new state economically, from the United Kingdom.

This government, which had many achievements to its credit, such as the formation of the ESB in 1927, went out of office in 1932. The incoming government, under De Valera, was firmly committed to a policy of wholesale tariff protection, and during the decade tariffs were placed on a wide variety of goods. Some of these tariffs were imposed, in order to force British or foreign firms, to assemble or manufacture goods locally.

This crude protection policy, undoubtedly proved effective, with the development of some new industries, and the expansion of existing ones. The Anglo Irish Trade Agreement of 1938, repaired the trading relationship, between Ireland and Britain, which had broken down, during the "Economic War". The agreement, which was quickly

followed by the Second World War, gave Ireland little time to recover from the effects of the depression, and the "economic war" which had resulted from a dispute over the land annuities.

While neutrality saved the country from material damage, it was not until the 1950s that the country settled down to "normal" economic conditions. The results of the 1950s were very disappointing, as the period of rapid and fairly sustained growth elsewhere in Europe, was marked by virtual stagnation in Ireland. The very slow growth in the first part of the decade, was followed, by a decline in national output after 1955.

The boom in industrial output, particularly in processed foodstuffs, brought about by the post war shortages in Britain, led to a false sense of security. There was, however, no real appreciation, that this rapid expansion was bound to come to an early end, when the effects of the wartime shortages had eased. This easily achieved, post-war expansion of industry, had created a climate, in which the radical review of industrial policies, involving the introduction of export incentives, and the phased reduction of tariffs had no place.

The Republic, drifted into the 1950s, unconscious of the difficulties, it was creating for itself, or of the urgency of tackling them, if stagnation of output, and decline in the population were to be avoided.

By the mid 1950s, large cracks began to appear in the protected industrial structure. During the first half of the 1950s, economic progress had been brought to a standstill, and reached its lowest point in 1955/56 (McCormack, 1979).

4.3 ECONOMIC REBIRTH

The idea of free trade, was associated with the idea of economic rejuvenation. The publication, by the Department of Finance, of Economic Development in 1958, was a watershed, with respect to this redirection of policy.

Kennedy and Dowling(1975) suggest reasons why the above is the case. First, unlike many previous studies, Economic Development attempted a comprehensive exploration of all development possibilities. It emphasised not just agriculture, but also industry and tourism as future sources of growth. The report was specific about the opportunities for development, and how they could be realised. It adopted a flexible approach allowing for changing economic conditions. A more enlightened view was taken on the balance of payments, by showing a greater willingness to take risks, and a greater drive to reduce risks, by policies to expand exports. The use of foreign capital was also encouraged. Finally, its most outstanding achievement, was the adoption of a confident stance, in a time of profound gloom, and thus dissipating the prevailing pessimism, even before the recovery began.

The Programme for Economic Expansion(first), which was presented in the form of a White Paper in 1958 led the way for industrial development in modern Ireland. The White Paper, owed much to the ideas of T. K. Whitaker, the then Secretary of the

Department of Finance. The programme was oriented, more towards industry, than economic expansion. An important feature of the programme, was that it signalled the shift from protectionism to free trade. Allied to this were the efforts by the IDA to import foreign enterprise.

MacGelligott, head of the Central Bank, argued that the reason for the lack of capital formation in Ireland, was due to the lack of recognised outlets for productive investment, and not the lack of capital resources(Lynch, 1960). He saw that a lack of confidence damaged enterprise, which was the way forward.

It was accepted, that planning for future industrial development, would be geared towards export markets. By 1959, it was generally agreed, that the emphasis should shift from the economics of equilibrium, to the economics of growth.

The Taoiseach Sean Lemass, had by this time lost confidence in the ability of agriculture, to act as the engine for economic growth. His belief was supported by the views of the German economist Kuehn. Lemass balanced the interests of protected native industry and the national interest, by fostering conditions which would entice foreign firms into Ireland, while at the same time imposing the condition that these firms manufactured primarily for export. The objective was to enhance the country's export capacity, and at the same time protect native firms. This protection, may in hindsight, have been a two edged weapon, in that it allowed indigenous industry to postpone the inevitable threat from international competition.

He further believed, that Ireland's dependency on Britain as an export market, would mean that of necessity Ireland must follow Britain into the E.E.C. As a result of Ireland applied for full membership of the community, along with Britain in 1961. The application lapsed however, after de Gaulle's veto of both applications in January 1963.

In order to assist firms respond to the challenge of free trade, the Committee in Industrial Organisation(CIO), carried out a detailed analysis of each industrial sector. Despite the suspension of the E.E.C. application, the government insisted on implementing in 1963, the unilateral tariff cuts, which had been announced the previous year. The objective was, to force manufacturers to come to terms with the future reality of free trade.

The Anglo Irish Free Trade Agreement(AIFTA) in 1965 was a bigger step, in the same direction. This gave Ireland immediate tariff free access to United Kingdom markets, while Irish tariffs on British goods, would be reduced by 10% per annum, with all tariffs being removed in 1975. Jack Lynch the then Minister for Industry and Commerce, argued that this was needed to challenge our own competitiveness.

The Second Programme for Economic Expansion, which was scheduled to run from 1964 to 1970, was jettisoned in 1967 making way for the third programme, which was quietly shelved in 1971. The second programme is notable for its recognition that agriculture could not be relied upon to fuel economic growth.

As early as 1959/60, signs of significant increases, in non food/agriculture manufacturing, were apparent. These were not wholly due to the programme for

economic expansion. Ireland did benefit from the rapid international growth, of the 1960's. However, as Ireland was so locked into the British economy, many international trends affected her, only as reflected through Britain. In reality, Irish economic development in the post war years, compares poorly with other European countries of comparable size.

A notable statistic was the fall in emigration, from 43,000 per annum between 1956 and 1960 to 16,000 per annum from 1961 to 1966 reducing to 11,000 per annum between 1966 and 1971. From 1961 onwards there was a net increase in population (Lee, 1989).

Lee(1989) points out, that the management of native Irish enterprise, was kept in the family, secured by protectionist policies. He suggests that subsidies were largely squandered, or at least did not achieve the objective of making Irish industry profitable.

4.4 ECONOMIC GROWTH

The pattern of economic expansion, after 1960, represented a fundamental break with historical trends. Substantial increases in employment and population were being recorded, for the first time in 120 years(Nolan, 1984). The two decades, from the end of the post war recovery, to the first oil crisis, marked a period of substantial economic expansion in global terms. Both incomes and per capita incomes expanded at unprecedented rates

In Ireland, the growth experience in the post 1961 era shows a sharp break with traditional economic trends. This change cannot be explained by reference to the

accelerated growth in the international economy. The International economy was experiencing rapid growth in both the 1950s and 1960s; yet while the Irish expansion was following the traditional path in the 1950s, there was a substantial divergence from this path in the 1960s(Nolan, 1984). Why was this the case?

The growth rate doubled between 1949-61 and 1961-73, but declined somewhat after the first oil crisis. The doubling of the growth rate in the 'fifties and 'sixties, cannot be explained with reference to the growth trend in the international economy, so an explanation must be sought, by examining the shifting position of Ireland within the international economy.

The slow down in growth rate during 1961-63 and post 1973, though related to the international economy, is more complicated. The decline from 4.3% to 3.1% per annum, compared with a decline of 4.5% to 1.7% in the E.E.C. generally, suggest that unique factors were at work in the Irish economy, which affected the value of output of Irelands traded goods. There was a striking turnabout in the rate of growth in the labour force, from minus 1.3% in the 1950s to plus 1% in the 1973-82 period.

The position of the Irish economy in the 1980s, differed sharply from that of the 1950s. By this time less than 20% of the labour force were involved in agriculture. Manufacturing industry sector employment had greatly expanded, and over 60% of non-food output was exported.

A significant feature of the growth of the Irish industrial sector, is the role played by the affiliates of foreign owned companies. Another feature has been, the limited success of indigenous firms, in expanding output and employment. Employment in domestically owned firms in the 1980s was roughly the same as in the 1960s. From the 1970s onwards, the dismantling of protectionist barriers exposed domestic companies to external competitors, and as a result many went into decline.

A distinct feature of industrialisation, has been, direct foreign investment. Most foreign owned firms, established since 1960, have been wholly owned subsidiaries, which exported the bulk of their output. These firms tend to have very limited purchasing linkages with the domestic economy, and many use transfer pricing in order to maximise the benefits of the Irish tax regime.

In 1973, the IDA opted to concentrate on the electronic and chemical sectors; two areas unlikely to be undercut by emerging third world countries. These industries had to be almost completely imported, as very little of these types of industry already existed. Entry into the E.E.C. in 1973 gave the IDA an competitive advantage in persuading companies, particularly those from the United States, to set up in Ireland.

It can be seen that the development of an internationally competitive manufacturing sector in Ireland, is a direct result of the rapid expansion of export oriented companies, set up as a result of direct foreign investment. Ireland's ability to attract direct foreign investment, has been helped by the country's position as a low cost production location, within the European Community.

4.5 IRELAND IN RECESSION

From 1968 to 1972 economic performance began to deteriorate. Yet, in the summer of 1972, the national pay agreement gave a 21% pay increase. In 1973, the first oil crisis caused a quadrupling of oil prices. From 1973 onwards, unemployment began to increase steadily, from 8.6% in 1972 to its present level. At the same time inflation reached 17% in 1974, and continued to rise only dropping to current levels in the latter part of the 1980's.

In the 1970's, the government abdicated its responsibilities for industrial policy to the IDA. This runs contrary to the recommendations of the Devlin Report(PSORG), published in 1969. The same occurred but perhaps to a lesser extent with AnCO. A number of reports have been critical of the government in this respect (OECD 1974, Conniffe and Kennedy 1984; NESC 1985).

As the 1970's progressed, job losses mounted as native firms, particularly in traditional industries, succumbed to competition from third world countries. There appeared little that could be done to arrest the decline of Irish owned business.

In 1977 the Fine Gael/Labour coalition failed to get a mandate for a second term in office, and Fianna Fail were returned to government with the largest majority any government had had to up to then. Thus began the O'Donaghue era of economic policies.

The policy of Martin O'Donaghue, Minister for Economic Planning and Development, projected an increase in output of 7% from 1978 to 1980. It was hoped that this increase, coupled with a 6% annual rise in the standard of living, would re-vitalise the economy. It projected the creation of 25,000 new jobs per year which would reduce the unemployment rate to 50,000 by 1981. This policy became unstuck, due to substantial wage increases, which fuelled consumption in an economy with a high marginal propensity to import. The second oil crisis of 1979 delivered the *coup de grace,* and by 1981 inflation was running at 20.4%. Meanwhile unemployment which had actually reduced from 106,000 to 90,000 between 1977 and 1979 had risen to 147,000 in 1981, and the upward trend has continued to today's figure of over 280,000.

The O'Donaghue strategy was seriously flawed, in its assumption that the private sector would respond with a surge of expansion, to increase domestic demand. Rapidly rising labour costs had damaged the confidence the consumer boom was to stimulate, so the hoped for response from the private sector never materialised.

The Telesis(NESC, 1982) report on industrial policy, pointed out that while 40,000 jobs were created in 1980/81 54,000 jobs were lost. Workers who lost their jobs, could not transfer easily, as they were of wrong age, or sex, had redundant skills, or wrong work ethic, for the new industrial sectors.

Both Telesis and the IDA agreed, that native businessmen of necessary quality, were not available, for whatever reason. The bulk of Irish businessmen provided no market for business ideas, much less ideas in general. Ivor Kenny, former CEO of the IMI, could

detect as late as 1984, a suspicion of the intellectual process and the value of ideas. He attributes this, to a pervasive anti-intellectualism, in Irish culture. Lee(1989) believes this is more sub-intellectual than anti-intellectual. He further believes, that sheer intellectual inadequacy counts as one of the basic weaknesses of Irish business.

The bulk of Irish businessmen have shown little interest in management education. A series of reports, over the years, have verified serious deficiencies in the levels of management training. It has been suggested that there may have been a touch of desperation about the Anglo Irish Free Trade Agreement, in that if all else failed, fear would force Irish business to perform.

During the 1980's, the relatively high productivity and export potential of the modern industrial sectors, primarily of foreign origin, did not provide the expected levels of employment, due to the use of modern production technology. Though the inflation rate has been one of the lowest in the E.C. since the latter part of the 1980's, and other economic indicators have been satisfactory, these favourable conditions have not been translated into jobs.

4.6 THE CHANGING PROFILE OF IRISH INDUSTRY

The expansion of manufacturing industry, has for almost three decades been the key to achieving faster economic growth and the target of full employment. However, in recent years, the contribution of this sector has been decreasing. In the early 1960s output and manufacturing employment grew at unprecedented rates, not envisaged by the authors of

the First Programme for Economic Expansion(Ruane, 1984). This paved the way for increased policy of intervention over the next two decades.

The sector grew rapidly and by 1972, before the first oil crisis, the output of the manufacturing sector was two and a half times the 1957 level, and manufacturing employment was 30% higher. While output continued to grow at 5% per annum during the 1970s, employment began to slow down so that the level of employment in 1982 was the same as that of 1977, with a reduction in levels in the last two years.

There was a relatively small change in the distribution of employment between the different manufacturing sectors. Only the engineering sector had a significant increase in employment due to the establishment of new electronics firms. Meanwhile, textiles, clothing and footwear declined both relatively and absolutely, as firms became uncompetitive due to reduced tariff protection and increased competitive pressure from low cost countries.

The was a much greater change within the manufacturing sector than the aggregate statistics show. An IDA employment survey shows a net increase of 19,392 jobs between 1973 and 1981. This represents the creation of 92,181 jobs, and the loss of 72,789 jobs, over the same period. Approximately half of the job losses were in firms which ceased production, and were distributed throughout all manufacturing sectors. In terms of employment, just over one third of Irish manufacturing was in foreign owned companies in 1981, compared with less than a quarter than eight years earlier.

The approach to the development of the Irish manufacturing sector, has changed little since the 1950s. During the era of protection the sector became stagnant, increasingly inefficient and under capitalised. The key elements of the strategy were, firstly, assistance to import substituting companies, in the preparation for free trade. Secondly, the encouragement of export oriented companies. Thirdly, the promotion of Ireland as a base for foreign investment, and finally the promotion of depressed regions, as locations for new domestic and foreign owned plants.

New state agencies such as IDA, SFADCo, AnCO, CTT, ICC, IIRS and Foir Teo were set up, to render assistance on all aspects of manufacturing industry. Following the Review of Industrial Policy by NESC(1982) the government published its White Paper on Industrial Policy in 1984, but the deepening recession greatly reduced the significance of the changes which it proposed. It was not until the very late 1980s, which is after the cut of point of this study that the recession began to show signs of lifting.

4.7 STATE SPONSORED BODIES AS INTERVENING AGENCIES

As the area of Government responsibility became enlarged, the normal arrangements and procedures of Government administration were not appropriate, and new agencies through which to function were required(Lemass 1959). Most if not all intervening agencies which have been set up over the years, were structured as state sponsored bodies.

State sponsored bodies, have been involved in economic development, since the foundation of the state. Most of the early bodies were set up as commercial enterprises,

to provide goods or services, which the private sector were either unable or unwilling to provide. Later this format was extended with the setting up of bodies such as IDA, Coras Trachtala and AnCO, to provide infrastructural services to help the development of Irish industry and the economy in general. These bodies were non-commercial and non-profit making.

There is no universally accepted definition of State Sponsored(Semi-State) bodies but Fitzgerald's(1961) definition is widely accepted "as autonomous public bodies neither temporary in character nor purely advisory in their functions, whose staff is not drawn from the civil service but to whose board or council the government ... appoint ... members". When this definition was coined in 1961 there were approximately fifty bodies, both commercial and non commercial, which satisfied this definition, at present there are many more.

State sponsored bodies are instruments of public policy (Bristow, 1982), which can be divided broadly into two groups. Firstly there are those bodies, usually known internationally, as public enterprises, which receive most of their revenue from the sale of their products or the provision of services, which in other countries may be carried out by the private sector. These are collectively known as commercial semi-state bodies and include such organisations as ESB, CIE and Bord na Mona.

Secondly, there are those agencies, whose income comes totally or mainly in the form of grants, and whose function is the implementation of certain aspects of public policy.

They perform functions which in other countries may be the responsibility of government departments(Bristow, 1982). It is this latter group which is of most interest to us.

It appears from the literature, that little or no work has been done on these non-commercial semi-state bodies, and much of the understanding of their operation cones from their commercial counterparts, to which they bear a strong resemblance.

The establishment of statutory bodies and quasi state companies, was the consequence of the extension of government activity into fields, which were previously regarded as the preserve of private commercial enterprises. As the area of government responsibility became enlarged it was realised that the normal arrangements and procedures of government were not always suitable(Lemass, 1959). Irish state sponsored bodies were not created as a deliberate policy of state socialism, but were developed in a haphazard way, to meet particular needs and opportunities as they arose, and were devices deemed appropriate to particular tasks(Lemass, 1959). Generally speaking the extent of control exercised is on a pragmatic rather than a theoretical basis.

Lemass(1959) outlines the problems and dangers which might beset semi-state organisations. The first danger is that after the initial drive to get the organisation functioning properly has been expended, the organisation may settle down to a routine characterised by excessive caution with loss of initiative and flexibility. There is a further danger that bureaucratic procedures may stifle efficiency and delay desired innovation and change. These caveats apply equally to non commercial agencies.

In the years since Lemass's paper most of the non commercial semi-state bodies in existence today have were formed. Some organisations such as Foras Forbartha have gone out of existence, and others have been amalgamated into larger organisations comprising of two or more bodies, FAS being an example, and some like the IDA have been split into smaller units.

The top level structures of the non commercial semi state bodies differ very little from those of their commercial counterparts. They generally consist of chairman and board appointed by the relevant minister. The board is usually drawn from a cross section of interested parties. However, the ability and experience of the board members, may sometimes be less important than the fact that they represent particular interest groups(Gibbons, 1990). The directorate reports to the board through the CEO. These organisations have the freedom to recruit, remunerate and promote staff as they see fit, but within the guide-lines for the public service.

Most non commercial semi-state bodies are executive agencies, whose function is to implement policies of government, in relation to particular departments. The OECD (1974), writing in relation to AnCO, points out an advantage of semi-state status, is its being seen as outside the government machine, and with its controlling board drawn from different interest groups, its activities were more likely to gain acceptance. Furthermore, much of the success of semi-state agencies can be attributed to the more flexible approach which they are able to adopt.

Policy control is major problem in relation to state agencies. The Devlin Committee (PSORG, 1969), has argued strongly that the responsibility for policy making is a function of government alone, and should not be hived off to executive agencies. This occurred over the years with many agencies including AnCO, as much by default, as for any other reason, as the parent departments pulled back from the policy making process. One reason usually put forward for this, is that the parent departments lacked both the skills and information necessary for policy formulation.

Bristow's(1982) observations on policy in the commercial semi-state agencies appears equally valid with the non-commercial agencies. He pointed out that no questions were asked as to what the government policy was, or how it might be known if the particular state body was following it or not. The lack of criteria for performance measurement may have been due to the lack of overall policy objectives, which could be given operational significance.

Each body was set up for reasons which had seemed good at the time, and which were more or less peculiar to that body. No adequate mechanisms were established, even on a body by body basis, to monitor performance in relation to the original objectives, or review the continued relevance of these objectives. This is a more difficult proposition in those agencies whose objectives were of a social nature, and where the things which are quantifiable, do not really reflect the true nature of the organisation's work.

4.8 SUMMARY

The outer context of AnCO with its economic, political and social dimensions was shaped by the economic development of the state since 1921. The economic rebirth in the late 'fifties and early' sixties, created the need for AnCO as an organisation. From the early 1970s onwards, the change in economic conditions created a very different environment in which AnCO was to work. At the same time the considerable change in industry profile invalidated most of the assumptions about the task AnCO was to perform. Finally, the policy of having a standardised format for semi-state bodies, may have affected AnCO's ability to act in a more imaginative fashion.

CHAPTER V

THE ANCO TRAINING ADVISORY SERVICE: INNER CONTEXT, PROCESS AND CONTENT

5.1 INTRODUCTION

This chapter describes the rise and decline of the Training Advisory Service, over the twenty years of its existence. The process in which the Advisory Service was involved, was a very complex one. Its primary objective was the promotion of strategic change, within Irish industry, on behalf of the Government, and the process by which it sought to carry out its mandate, was through the promotion of training and development.

The contextualist approach to the analysis of change (Pettigrew, 1985; 1990) used in this study has three dimensions namely context, process and content. Context may be separated into inner context and outer context. Outer context deals with the external environment of the organisation may be dealt with separately. However, the inner context of the organisation which is essentially its structure and culture, the process of change, and the content of change, are inextricably inter-linked and cannot be readily separated. Their analysis is best carried out through exhaustive description.

The doing of a description is a fundamental part of data collection in a qualitative study(Van Maanen, 1979). This descriptive work reveals the unfolding social processes, and helps to shed light on the social structures, which lie behind them. The description of

the Training Advisory Service, provides us with not only the content and process of change itself, but also the inner context of the organisation with which it is inextricably linked. Pettigrew et al. (1988) see the importance of allowing the change process to reveal itself, in a temporal and contextual manner. An understanding of the more distant antecedents of events give these events meaning and substance. The study of an organisation over time, provides data on the mechanisms by which change and innovation have taken place within it.

Both Pettigrew et al. (1988) and Johnson(1992) agree, that culture directs attention to sources of coherence and consistency in organisational life, and the dominating beliefs and ideologies provide systems of meaning, which filter in and out environmental and intra-organisational signals. It is only by understanding the history of an organisation, that we can provide an explanation of how later strategies developed. We can also, over time, see how well strategic actors harnessed the forces in the internal and external context, which helped them to influence the pace and direction of any changes which took place. Pettigrew(1990) argues that if history and social processes are given temporal space, they reveal their deep seated continuities and their often idiosyncratic untidiness.

The principal task is to identify the variety and mixture of causes of change, and explain through time, some of the conditions and contexts under which these mixtures occur. Examination of organisational dramas, affords the opportunity to study the continuous process, and the point of movement from one drama to another may indicate discontinuities in the process itself. The study of a sequence of social dramas provides a

transparent look at the growth, evolution, transformation and even the decay of an organisation (Pettigrew, 1990).

The structure of the description is divided into three separate sections. The first section deals with the background to the formation of AnCO. It traces the deliberations on the development of manpower policy, through the various committee reports culminating on the White Paper on Manpower Policy(1965), which recommended the establishment of an industrial training authority. The Dail debates leading up to the Industrial Training Act 1967, as well as the text of the act itself provide some insight into the intent behind the formation of AnCO.

The second section traces the development of AnCO, from its establishment in 1967, to its amalgamation into FAS -The Training and Employment Authority in 1988. It looks at the impact made by the different chief executives, as well as any episodes which may have been turning points for the organisation. The growth and development of the different divisions is charted, with a view to understanding the underlying power structures within the organisation. This helps to place the Training Advisory Service within the overall structure of AnCO.

The final section. traces the development and decline of the Training Advisory Service, and examines the functionality of the levy/grant scheme, as a mechanism for intervention within industry. The structures and cultures of the division are studied on a longitudinal basis, with particular emphasis being placed on change, whether of its own volition, or as a response to outside stimuli. Finally, in order to get a more complete picture, the

perceptions of the role and functioning of the Advisory Service, as held both by the

Training Adviser and his client the Training Manager, are taken into account.

5.2 BACKGROUND TO THE FORMATION OF ANCO

5.2.1 The Need For An Industrial Training Authority

The background thinking, behind the formation of AnCO, is to be found in two Inter-departmental Committee Reports. The first report from the Inter-departmental Committee on Retraining and Resettlement in Relation to the European Social Fund (1963), which was set up as part of the research into E.E.C. membership. This report was necessitated by Ireland's first attempt to join the E.E.C. This committee which reported in 1963, examined how the European Social Fund(E.S.F.) might be used in the event of Ireland's entry to the E.E.C.

The Committee examined the current training facilities in Ireland, and found training for industry was carried out by the Vocational Education Service, by the enterprises themselves or by a combination of both. A number of schemes for recruitment for trades were run by state-sponsored bodies i.e. CIE, ESB and Board na Mona as well as different trade organisations. Examinations in these trades were provided by the Department of Education. Courses in mechanical, electrical and radio were also provided, these being certified by the Department of Education. Senior level courses were provided in Dublin and Cork, with only elementary levels being covered in the smaller urban centres. Courses for operatives were few, and only on an ad hoc basis to meet local labour demands.

The training of operatives was largely undertaken by industry itself, using the traditional method of learning from an experienced operative, under the guidance of a supervisor. At this stage in Irish industrial development, much work was of a repetitive nature and speed was an important factor. The committee concluded that a high level of skill was required, by only a comparatively small number of workers.

Where aid was available from the Social Fund to support training, there would have to be a form of state supervision of the training, which was acceptable to the authorities in Europe.

5.2.2 Promotion Of Systematic Training

The type of training carried out in other countries was examined, and the most characteristic feature was Accelerated Vocational Training (AVT). This involved training in special groups with competent instructors, using practical and active teaching methods, to a strict time limit. The committee was impressed with the AVT method. It believed that acceptance by both employers and employees was the reason for the success of the scheme in E.E.C. countries.

AVT was not being carried out on the same scale in the United Kingdom. But the planned British Industrial Training Bill was to legislate for the formation of training boards for each industry. These boards would operate courses in centres of their own, and pay grants to firms, towards the cost of approved training. Each board would collect money from firms by means of a levy, which would be used to fund the grants.

Possible redundancy in manufacturing industry, resulting from free trade, was examined by the Committee on Industrial Organisation(CIO). The Inter-departmental Committee on Retraining and Resettlement recommended that AVT methods be introduced to supplement industrial training. It further recommended the setting up of a training authority, to formulate a long term plan for the setting up AVT centres. The instructors for these centres should be trained in AVT methods. It also recommended, that the new organisation should have the power to pay grants to support industrial training. The committee's preferred option for the form of the authority was that of a state sponsored body.

5.2.3 Manpower Policy And Training

The NIEC(1964) report on manpower policy, pointed out the necessity of having a policy to eliminate the imperfections of the employment market. This policy would ensure that the supply of labour, would quickly adapt to the changing pattern of market demand, resulting from freer trade, and that action would be taken to prevent particular skill shortages becoming acute.

The Taoiseach Sean Lemass, speaking to the Irish National Productivity Committee in 1964, stated that the Government accepted in principle the need for the provision of training facilities, and details would be before the next Dail session if practical.

The final report of the Committee on Industrial Organisation(CIO)(1965), pointed out that training was unsystematic and informal in most companies, with very few having

formal training arrangements. Added to this facilities provided by Vocational Education Authorities were not widely available outside of Dublin.

Deficiencies in management training existed in the majority of industries(CIO, 1965). Skills were lacking in such areas as production planning, budgeting control, stock control and other areas of which would now be termed management accounting. These symptoms of inadequate management, were all but ignored.

The Inter-departmental Committee on Administrative Arrangements for Implementing Manpower Policy reported in 1965. It pointed out that the primary responsibility for the provision of industrial training lay with industry itself. The intention should not be to relieve industry of its responsibility, but to give assistance and encouragement and so induce industry to bring its training standards to the highest possible level.

Operative training, would take place mainly on the job, and there would be scope for Vocational Education Authorities to run courses for supervisors and other persons charged with responsibilities for training in industry. They would also assist firms whose workers would benefit from Vocational School courses. There was also a need for pre-employment courses, to prepare people to take up jobs in particular industries. The committee believed there was a need to provide an advisory service for industry training, which would also have a function advising on new industries. It was accepted that this service would be costly.

They further agreed that employers could reasonably be asked to support the costs of training services. They also decided that the British Levy/Grant scheme, which had been introduced under the British Industrial Training Act 1964 was effective, as it enabled firms who carried out training to be rewarded. The body could charge for advisory services, and pay grants to other organisations including firms. It believe the training body might be empowered to impose a levy and pay training grants to firms in particular industries. This power could be a means of putting pressure on firms, who were not carrying out their training responsibilities adequately, and it might also be used as a power of last resort, to secure an equitable spread of training costs over all firms within an industry.

The establishment of a training authority, was first proposed officially by government in the 1965 White Paper on Manpower Policy, in which it was proposed to set up an authority with wide powers, to deal with all aspects of industrial training. The authority would be expected to play a key role, in ensuring the needs of the economy, for skilled labour were met, and redundant workers trained in new skills which would help them find employment. There is however no definition of the term "skilled workers".

All the major recommendations of the two Inter-departmental Committees were incorporated into the 1967 Industrial Training Act. The decision by the Government to introduce a levy/grant scheme was a unilateral one, and there is no evidence of any discussions with industry, prior to its inclusion in the 1967 Industrial Training Act.

The Government's manpower policies were to operate in the context of full or near full employment, and training would be anticyclical, picking up the slack when there were economic downturns.

5.2.4 The Scope Of The Industrial Training Act

In the context of strong projected economic growth, the Industrial Training Bill was introduced to the Dail in 1965. Speaking during the second stage of the bill(Dail Eireann Official Report) the Parliamentary Secretary Sean Flannigan stated that, "the primary responsibility for training rested with the employer" and that "too few employers recognise that investment in training is every bit as important as investment in plant and equipment". He also pointed out that the bill was designed to get firms "to check the adequacy of their present training arrangements".

AnCO The Industrial Training Authority (An Comhairle Oiliuna) was set up under the Industrial Training Act in 1967. The explicit intent of the act as set out in its full title was, "to make better provision for industrial and commercial training".

Section 9(1) of the act sets out the functions of AnCO as follows:

(a) to provide for the training of persons for the purpose of any activity of industry, and

(b) to promote, facilitate, encourage, assist, co-ordinate, and develop the provision of such training by such means as An Chomhairle considers necessary or desirable.

These clauses gave the organisation a very wide brief, in relation to the provision and promotion of training. The act does not define what is meant by training. It does appear however, from the text of the act, that the term is all encompassing. No specific types of training are mentioned, so therefore it must be assumed that all forms of training, at all levels, are included. The first Annual Report of AnCO(1968) confirms this to be the case. In addition section 9(2) of the act further identifies specific functions which may be undertaken by AnCO.

While the bill covered commercial as well as industrial training, it was accepted that priority would be given to the industrial sphere, and so it would not be possible to do much in the field of commercial training for some time to come.

To promote training, AnCO was empowered under section 19 of the act, to make loans and grants available for the provision of courses or training facilities. These monies could only be made available, after consultation with the relevant Industrial Training Committees, which would be set up under section 24 of the act. Only industry activities designated under the relevant Industrial Training Order (Levy Order) were to be eligible for aid. This order took the form of a statutory instrument, signed by the Minister for Labour. In order to meet expense of its activities, AnCO was empowered under section 21 of the act, to impose a levy on those companies which were carrying out designated activities. This was to be done in consultation with the relevant Industrial Training Committee. Thus the AnCO levy/grant scheme came into being.

5.3 THE DEVELOPMENT OF ANCO

5.3.1 Development In The Early Years

AnCO came into being in 1967. Its first Director, Brian McManus, was appointed on secondment from the civil service in September of that year. Michael Kileen, the Director General of the IDA, was appointed the first chairman of the board.

In the forward to the first annual report for 1967/68, the Chairman stated that, systematic training benefited both the employer and the employed, raising the skill level above that which might otherwise be attained. He also pointed out that training helped to eliminate bad and wasteful work habits.

The first annual report, set out the functions of AnCO in more understandable terms, than were laid down in the 1967 Act. The organisation was to be responsible for training all sections of industry and commerce with only the professions and primary production in agriculture, horticulture and fishing excluded. Priority was to be given to the training needs of industry rather than commerce. As it subsequently turned out the commercial sector was effectively ignored by AnCO, not that there was ever any demand from it to be included.

The aim was to ensure that all levels, from management to operatives, would receive training to the highest international standards. Training facilities would at least keep pace with those in other countries. AnCO would promote the training of workers, and the re-training of agricultural workers, leaving for other employment. This would involve

expanding education and training courses in vocational establishments, as well as setting up new centres. No attempt was ever made to develop specific objectives, from the broad aims of the organisation whose achievement could be measured.

Industrial Training Committees(ITC's) were to be established and a levy/grant scheme was to be introduced, with a view to distributing the cost of training more equitably among all firms industry. This would stimulate industry to undertake the necessary training. The report stated that the broad strategy to be used was defined in the Industrial Training Act.

For operational purposes industry was to be broken up into 'industry designations' based on industrial activity, with each firm being designated, depending on its individual activity. In order to reduce administration, as well as the time commitment required, from industry and trade union executives, it was decided to designate not more than twelve industry sectors. In the end only seven industry sectors were designated, covering all manufacturing industry. A further section not called a designation was to deal with the distribution and retail sector. This section did not operate a levy/grant scheme.

The First Annual Report accepted that the quality of AnCO's work, would be determined by the calibre of its staff, the training given and the skill by which they were motivated. All staff of the old Apprenticeship Board were re-engaged by AnCO many, as Training Advisers.

Arrangements were made with Dublin VEC and the IMI to provide Training Managers courses. It was planned, that the organisation would develop its own research and planning section, but until this was done, the work would be carried out by outside agencies. The research and planning division, when it was set up did not adequately compensate for what the OECD(1974) saw as the failure by the Department of Labour, to contribute to the design of an active manpower policy, or to provide adequate statistics.

Building had begun on two training centres in Shannon and Waterford and another centre was planned for Galway, to provide skills which the VECs were unable to provide. They were to be run on factory lines to give trainees experience of an industrial environment.

During 1968/9 the Waterford and Shannon training centres were opened. Meanwhile, there was a keen demand for the training of instructors, for industry, by the Instructor Training Centre. There was no change in the functions or objectives of the organisation. Industry were encouraged to use the facilities provided by other bodies such as VECs IMI and Foras Forbartha. Training was to be undertaken by the firms with advice from AnCO. Training in the centres was to be carried out by AnCO's own staff. Brendan Leahy the former Director General of FAS stated that contrary to the belief of some staff in the Training Advisory Service, the Direct Training Service was a separate service, and was never intended to as a support to the Advisory Service.

Training within industry, was to be established after industry was designated. A sample survey of training needs was to be carried out, and training programmes would recommended based on the survey. It was planned to have all industry designated by the end of the third programme for economic expansion in 1972. The demand for training, resulting from the introduction of the levy/grant schemes, would give rise to the need for people to co-ordinate and carry out the training within firms. Arrangements were made with the IMI to run Training Manager courses. The AnCO Instructor Training Centre continued to carry out four week instructor courses for industry.

It was accepted within the AnCO, that unless the training section of a firm received full support from top management, there would be little benefit gained from the training of instructors.

By 1970 three training centres had been completed, and six Industrial Training Committees had been established. In 1971 priority was to be given to the training of training managers and instructors. It was stated that training would only succeed in its objectives, if the quality and amount of training improved. Jack Agnew replaced Brian McManus as Director in 1970. There were no changes in either the policies or objectives of AnCO however.

5.3.2 The Levy/Grant Scheme

In 1971 The first three levy/grant schemes were introduced. At the same time a new training centre was announced for Cork. As a consequence of E.E.C. entry, which was imminent, the organisation now had an aim of helping companies become more

competitive in the free trade conditions of the future. This represented more an increase in the urgency of the original mission, rather than a shift in the mission itself.

The approach of the levy/grant scheme, was to allow companies to determine their own training needs, in the light of their business objectives. By establishing the training function, firms would be better able to identify their training needs at all levels. The levy/grant scheme obliged firms, who were subject to levy, to appoint a training executive who would have overall responsibility, for all aspects of training within the firm. In smaller firms this role could be combined with other duties. One of the major difficulties encountered, was that many firms had neither long or short term business plans, so there was nothing concrete on which they could base their training and development requirements.

By 1972, the British Government had decided to revise their levy/grant system, but in Ireland it was decided to leave the system as it was for some years to come. Jerry O'Connor, the first head of the Training Advisory Service, stated that the idea of the levy/grant scheme was to build a training infrastructure, and when this was in place the levy/grant scheme would be phased out. This assumed that industry would incorporate training and development into the overall management function.

Management training was promoted through the use of Technical Assistance Grant Scheme(TAG). This title was somewhat of a misnomer, as it related only to management and supervisory training and did not cover any training of a technological nature. It was the remnant of a wider scheme, which had been introduced to help companies become

competitive, in the context of the Anglo Irish Free Trade Agreement. The funds for this scheme had no upper limit, and the cost of the scheme grew exponentially over the years, with the result that many firms availed of the finance without fully carrying out their responsibilities under the scheme. Pat O'Callaghan, former manager of the Training Advisory Service pointed out that this lack of commitment carried over onto the levy/grant schemes.

5.3.3 The Early Training Advisory Service

The function of the Training Adviser, was to give a reasonable picture of AnCO's major objectives, activities, help managers find their feet, advise on training problems and help out with any problems related to the levy or grants. The Advisory Service also undertook pilot training schemes, as well as having involvement in supervisory management courses. Entry to the E.E.C. created a new urgency for training and development.

The 1973 Annual report, stated that the Training Advisory Service, was having difficulty in recruiting and retaining the right kind of staff. It pointed out that correct staffing was important, as a major role of the adviser was to convince management that investment in people, at all levels, was just as important, as investment in capital equipment. The adviser had also to make a worthwhile contribution, to solving the training problems in firms, on a professional basis. At this stage it was accepted, that experienced staff who might leave the organisation, would return to industry and make a contribution to the firms, in which they were employed. This was seen as another part of the organisation's contribution to industry.

The 1973 annual report pointed out, in relation to training in firms, that those whose need of training was greatest, were apathetic. By 1975 the Training Advisory Service had expanded, and 117 advisers were guiding industry on the recruitment and development of training staff, as well as with programmes at different levels. In 1977 rating was introduced for levied firms. This was a method of calculating numerically the training effectiveness of firms. In 1979 in-company assignment units were set up in each designation to carry out specific training. Advisers also became involved as training consultants to the IDA and other agencies.

5.3.4 The Rise Of External Training

In 1980 the External Training Division was formed. This was an extension of the old concept of "spare capacity training", in which AnCO made use of the under utilised training facilities of firms to train unemployed people. This training was carried out by the firm's personnel and the firm was paid a fee by AnCO. The division was headed up by Malachy Sherlock the former director of the Training Advisory Service. This division, which had initially only a very small, staff expanded rapidly, by recruiting staff from other divisions as well as externally. Later, work tended to be contracted out to commercial training agencies and consultants, rather than to industry. The division further increased the organisation's capacity to train the increasing numbers of unemployed.

5.3.5 The Sherlock Era

In 1982 Malachy Sherlock became Director General, and this resulted in a change in focus for the organisation. He attempted to give AnCO a much higher public profile, than it had had before. The previous incumbent Jack Agnew was a career civil servant,

who understood how the civil service worked, and thus managed the relationship between AnCO and its parent department, so as to avoid conflict. Sherlock did not have the same relationship with the Department of Labour, and as a result considerable friction ensued. Policy statements by him were often far beyond the organisation's real capabilities. As time went on the Department of Labour sought more and more control over the organisation.

As AnCO began to focus more on management training, an address by Sherlock to the IMI annual conference was critical of the state of management training in Ireland. This resulted in friction between the AnCO and the IMI, as well other management interests.

The change of chief executive from Agnew to Sherlock, was characterised by a change in ethos. During Agnew's tenure of office, the organisation kept a relatively low profile, which was similar to that of a civil service organisation. When Sherlock took over, publicity became all important, and the organisation strove to achieve a far higher profile. This made the organisation a target for groups and organisations, envious AnCO's financial allocation.

5.3.6 Effects Of European Social Fund

Much of AnCO's funding came from the European Social Fund (E.S.F.), resulting in fewer restrictions on the availability of exchequer funds as 55% of all eligible training costs came from E.S.F. AnCO was used as a means of controlling the numbers on the unemployed register, by large-scale training and retraining of the unemployed. It also brought significant cash flows into the economy. When Social Fund money became

available in 1974, the organisation focused on those areas which permitted the maximum uptake of grant aid from Europe. In 1987 for example 57.5% of AnCO's £152.4M (Annual Report) budget came from Social Fund. This availability of E.S.F. funds reshaped of the role of AnCO, although there were no formal changes in official policy.

Over the period 1974 to 1987, the proportion of the overall budget of the organisation, spent on the Training Advisory Service, dropped gradually from 8.7% to 3.3%, which points to a drop in the relative importance of the division. This was happening at a time when Irish industry was having increasing difficulty in remaining competitive. During this time the spending on the training of unemployed increased dramatically through both the Direct Training and External Training divisions. The reason for the drop in the budget share of the Advisory Service may have been due to the fact that most if not all of the work of the division was ineligible for support from the E.S.F.

5.3.7 AnCO Policy

The early policy of AnCO, consists primarily of an explanation of the contents of the 1965 White Paper and the 1967 Act. From 1973 onwards, the policy content of annual reports is negligible. The annual reports concentrate on statistics of the numbers of people trained, as well as annual accounts. There is no information on changes in industry, technology or market conditions. An examination of AnCO News, a monthly publicity broadsheet, throughout its publication period from 1973 to 1986, shows nothing by way policy information.

The former CEO of FAS, pointed out that the Department of Labour were never involved in policy making, and the process was driven by the council of AnCO. He also pointed out that there was difficulty in planning future level of activity, as the Department were unable to provide relevant manpower statistics. This abdication of responsibility for policy by government departments, was highlighted by the OECD in 1974, and runs contrary to the recommendations of the Devlin Report(PSORG, 1969).

The Research and Planning division was set up to make good the information deficit. However, there was an over concentration on market research, and as a consequence the whole area of strategic planning was neglected. This may help to account for the absence of policy from the annual reports mentioned above.

The strategy of AnCO as an organisation was never clear, with no attempt being made to convert policy to measurable objectives. Objectives for the most part remained hazy and non specific with great emphasis on trainee man-days.

5.3.8 Staffing Of AnCO

The AnCO staff numbers increased during the 1970's, and only stopped as a result of the Government embargo on public service recruitment in the early 1980's. When the writer joined AnCO in 1979, a Senior Personnel Officer stated the organisation's staff numbers would increase to about three thousand, from its then figure of in or about two thousand, over the following three years. This increase, prevented by the government embargo on public service recruitment in 1981.

By 1986 AnCO had a staff of 2304, which accounted for 71% of all staff of the Department of Labour and the subsidiary agencies under its control, of which AnCO was one(White Paper, 1986). In the beginning of 1988 AnCO was amalgamated with National Manpower and the Youth Employment Agency to become FAS, under the provisions of the 1987 Labour Services Act.

5.3.9 Organisational Structure Of AnCO

When the organisation was set up initially, it was constituted as a single unit. This structure survived until 1973 when the organisation was split into two divisions namely Direct Training and the Training Advisory Service. The former provided training for people within the training centres, while the latter promoted training within industry. At the same time a small section looked after all administration, with the exception of levy/grant which was administered by the Advisory Service. Meanwhile in the 1970s, the Research and Planning section became more or less autonomous.

In 1980 the External Training Division was formed, and grew quickly in size by the transfer of staff from other divisions, and the recruitment of new staff. This became the third and final operating division of AnCO. As the 1980s progressed, the Administration and Research and Planning sections became divisions in their own right.

The structure of AnCO was completely hierarchical and pyramidal. Each division operated in isolation from the others, and there was very little by way of formal inter-divisional co-operation. Within each division the same system applied to the relations between different sections. The structure of AnCO had all the characteristics of what

Kanter(1984) would term a segmentalist organisation. The structure of AnCO is set out in figure 3.

5.3.10 AnCO As A Social Service

The programme of building training centres, begun in 1967, continued into the mid 1980's, and the numbers of people being directly trained by AnCO increased accordingly. As the years went on most of the adult trainees in the centres, were unemployed, and trainee recruitment favoured those groups eligible under Social Fund regulations.

Change in the latter years as Brendan Leahy, former CEO of FAS pointed out, was state driven, in that pressure builds up which requires some action to relieve it. In the case of AnCO, this pressure came when the unemployed figure reached 200,000, resulting in the organisation taking on a social service dimension. He stated that this function could have as easily been done by the Department of Social Welfare, but AnCO happened to be handy. AnCO accepted this as it enlarged the empires of those at the top. As time went on this dimension began to become more and more important, resulting in a change in the overall focus of the organisation, away from its prime objective which was promoting the upgrading of skills of Irish industry. AnCO became more involved in job maintenance, than the promotion of training and development. The lack of a clearly defined and published strategy, as well as the nebulous nature of the 1967 Act, made AnCO ideally suited to the role.

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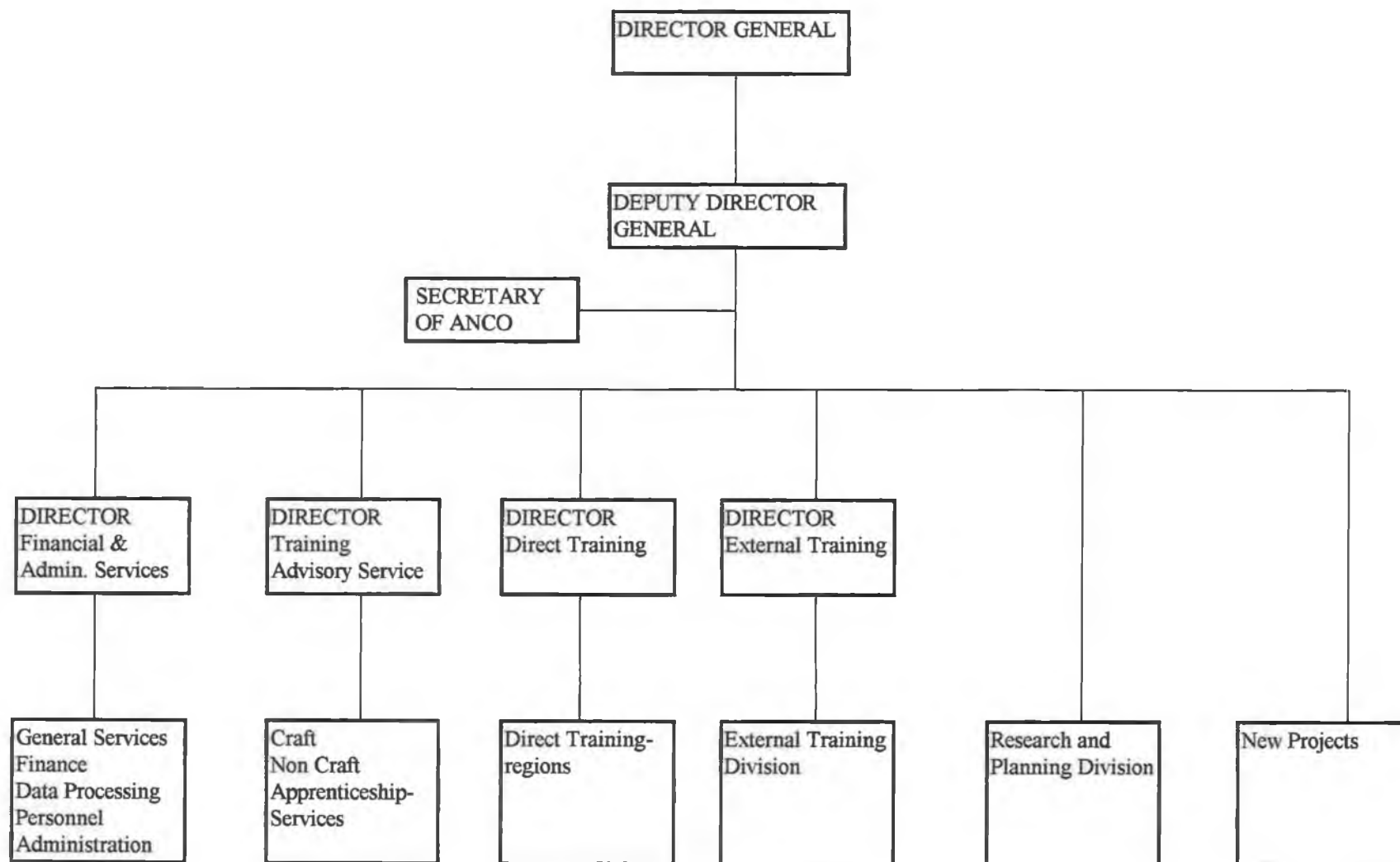
Figure 3 Organizational Structure of AnCO 1987

5.4. THE TRAINING ADVISORY SERVICE

5.4.1 The Role Of The Training Advisory Service

The first mention of an advisory service on training matters, appears in the Report on Arrangements for Implementing Manpower Policy(1965). The idea of a training advisory service is not mentioned in the White Paper on Manpower Policy(1965) or the 1967 Industrial Training Act. It appears that the format of the Training Advisory Service was adapted from the British system of Industrial Training Boards, part of whose function was the administration of levy/grant schemes.

The aims of the Training Advisory Service were set out in the staff information handbook issued in the 1970's as follows:

"The Training Advisory Service encourages and assists industry to develop the capacity to define its training needs and prepare and implement programmes to meet these needs. It seeks to convince industry that investment in training and development is as important as investment in capital equipment.

The work of the Training Advisory Service includes company visits, promotion of levy/grant schemes, consultation with advisory committees, co-ordination of training facilities and validation of training grants."

Initially the role of the Training Advisory Service was advising firms on the levy/grant system, as well as helping them to conform to the requirements of the system. Brendan Leahy former CEO of FAS pointed out, that the service was tolerated, as it gave firms assistance in recouping the levy. This same view came from Niall Mehigan of the CII. The survival of the service depended on statutory powers of the levy/grant system. It had both an advisory and an inspectorial role. These roles were not always seen as compatible by firms.

The work of the core group of advisers was at the outset, related to the promotion of training, as they were trained only to promote training. It was an accepted principle, that the advisers were not required to be competent in the background or skills of the industry, in which they were promoting training. They were in essence training administrators, who were instructed to stick to the training brief, and not get involved in non-training areas. This instruction, originated in AnCO's fear, that conflict would arise with the IMI and private consultancy firms, if the Training Advisory Service were seen to be offering similar services free of charge. This very narrow brief, resulted in many advisers experiencing credibility problems. The situation was further complicated, by the different interpretations within the Training Advisory Service, as to what constituted training.

As the Direct Training division grew, increased pressure was put on Training Advisers, to sell the services of the training centres to firms, with the result that advisers were seen more as salesmen for AnCO than a support to the firm.

As time went on the Training Centres encroached more and more on the Training Advisory Service, and by the early 1980s, training centre staff were dealing with firms on issues which should have been the sole responsibility of the Training Advisory Service. The writer like most other advisers, had experience of this on many occasions. This increased the inter-divisional friction which was already present. In early 1983, it became necessary for the Director General, to meet the Training Advisory Service in order to clarify their role, and limit the activities of the Direct Training.

AnCO promoted the idea of qualified training instructors within firms, to train operatives by the most efficient methods. However, those firms whose need for training was greatest, were the most apathetic towards AnCO's recommendations.

5.4.2 Designation Of Industry

The 1967 Act, made provision for the setting up of industrial training committees (ITC's), and the designation of different industries. The composition ITC, as set out in Section 24 paragraph 4 of the 1967 Act, consisted of an independent chairman, equal numbers of employee and employer representatives, a specified number of educational representatives and a specified number of other ordinary members. Once this operation was completed a levy/grant scheme was to be introduced. This would ensure that all levels from management to operative, would be trained to the highest international standards.

The Council of AnCO decided to have not more than twelve designations, later revised to ten. The final structure contained seven designations Textiles, Clothing and Footwear,

Food Drink and Tobacco, Printing and Paper, Construction, Engineering and Chemical and Allied Products. There was also a Distribution Section which dealt with the retail and distribution sector, but did not operate a levy/grant scheme and was not considered a designation in the normal sense.

5.4.3 The Levy/Grant Scheme

It was left to AnCO as the executive agency, when formed, to work out the provisions of the Levy/Grant scheme, as the Department of Labour gave no input into the establishment of priorities in the area of training.

By 1972 seven industry sectors were designated, each having its own Industrial Training Committee. From 1973 onwards, all designations were operating a levy/grant scheme. The mechanism of the levy/grant scheme required firms to pay a levy of between 1% and 1.25% of their total annual emoluments to AnCO. The rate varied between designations. Firms below a specified cut off figure for each designation were exempt from paying levy. A firm could recoup up to 90% of the levy in the form of grants, provided they carried out an approved training programme, based on identified training needs. Arrangements were made with the IMI to run training manager courses, attendance at which, was a prescribed condition of the levy/grant schemes. Meanwhile, a sample survey was also carried out, to determine the training needs of industry.

In 1977 a rating scheme was introduced for firms, in an attempt to give a numerical value to quality of training carried out in each firm. This was to prepare for the introduction of netting, whereby a firm which achieved a rating score above a set level, paid only the

retained portion of levy. The rating system required training to be carried out in all parts of the firm, so firms which concentrated on specific areas, for whatever reason were penalised. The rating system was not really compatible with firm objectives, and was also open to manipulation by training managers, who understood how the system worked. Most designations, with the exception of the Chemical Designation introduced the rating system. These designations later discovered the system was flawed, but were unable to return to the old system, which required full payment of levy.

5.4.4 Structure Of The Training Advisory Service

The final structure of the Training Advisory Service took a number of years to develop. This structure is set out in figure 4. The service was divided in two halves, craft and non-craft, each with a manager who reported to the Director of the Training Advisory Service. From the late 1970s the non-craft manager position was vacant as the incumbent Brendan Leahy had been seconded as CEO of CERT, the hotel and catering training body, from where he later returned as CEO of FAS. Each half had two industry sectors, each consisting one or more industry designations. Each sector had a manager to whom the managers of the designations reported. This resulted in a highly bureaucratic and segmented structure. The Construction and Engineering Designations between them, accounted for over two thirds of the advisers in the field. These larger designations tended to monopolise staff numbers and promotions, and this led to dissatisfaction within the smaller designations. Empire building within the division resulted in overall lack of control, and many of the problems of the Training Advisory Service resulted from this lack of firm control by management.
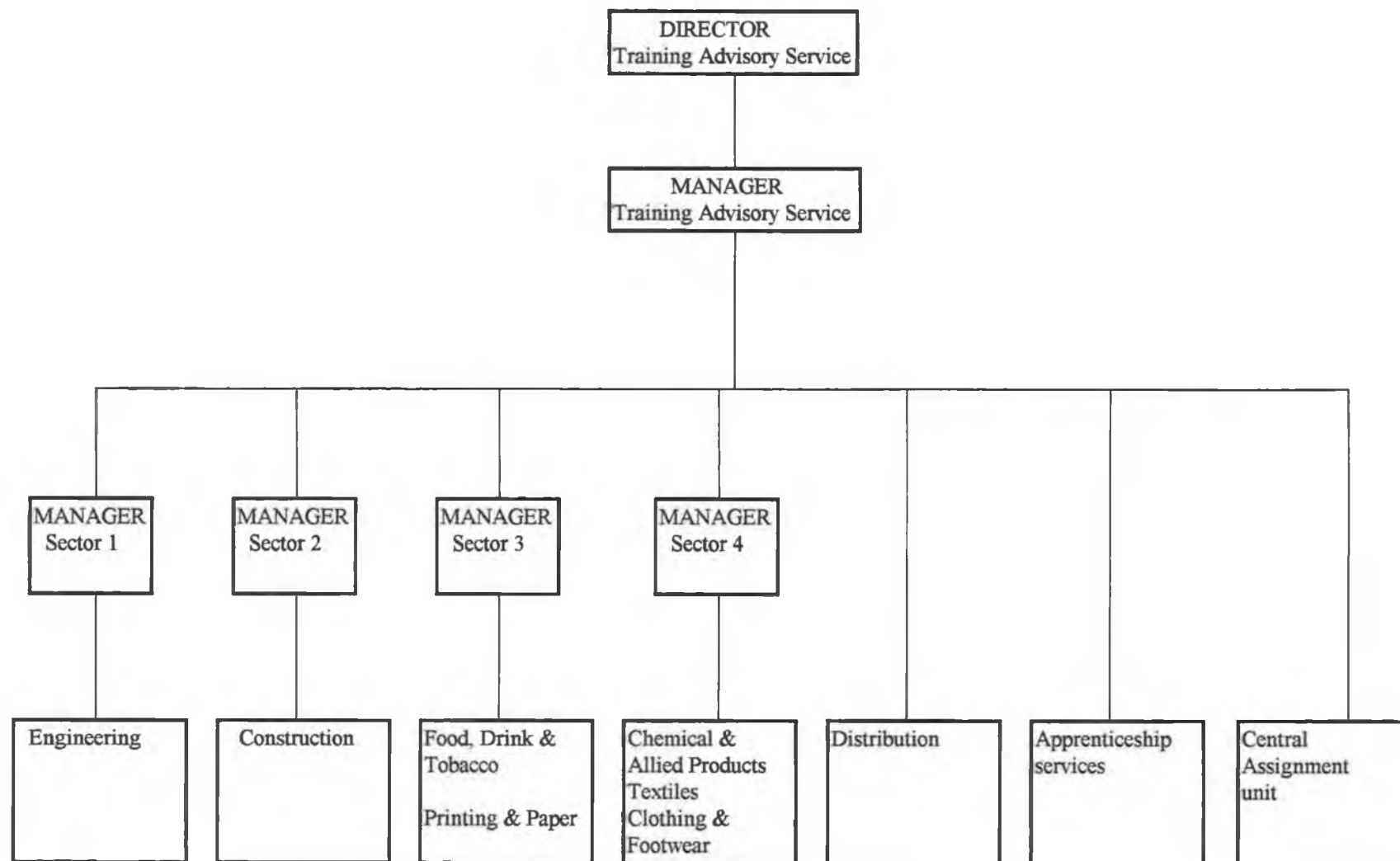
Figure 4 Organizational Structure of the Training Advisory Service 1987

Each sector within the Advisory Service had its own administration section which administered the levy/grant schemes for the designations in that sector.

Under the 1967 Act, the old Ceard Comhairle or Apprenticeship Board, was absorbed into AnCO and became part of the Training Advisory Service, and was known as Apprenticeship Services. This service was responsible for the administration of the apprenticeship schemes, for all craft trades designated by the Department of Labour. Advisers in the section dealt only with firms which were below the levy cut-off. These advisers were not involved in levy/grant work. Apprenticeship work within levied firms was the responsibility of the designation advisers.

Within the craft designations, the large numbers of craft apprentices resulted in most of the advisers' time being taken up with apprenticeship problems reducing the time available for impact at higher levels.

The bulk of the advisers were based in the Dublin, though some were regionalised in the bigger training centres outside Dublin. Cork, the biggest office outside Dublin had approximately thirty advisers, while other offices in Limerick, Waterford, Galway, Sligo and Dundalk had much fewer advisers. Each designation worked independently, with wide differences in the ways in which each dealt with similar tasks. For example the procedure for signing off IDA training grants varied between designations.

While there was contact at personal level, between training advisers and instructors from the Direct Training Division in the regions, advisers from head office had little contact

with instructors. At formal level there was considerable friction between the two divisions.

In the late 1970s the Instructor Training Service, which trained instructors for industry, on a fee earning basis, was incorporated into the Training Advisory Service. It was very successful in industries where physical skills were required, but was less successful in process type industry, where skills were of a more cognitive nature.

5.4.5 Staffing Of The Training Advisory Service

The OECD(1974) pointed out regarding the Advisory Service, " the quality of consultancy staff will be vital to success and the service should therefore be built up from a limited number of really good staff who would command the respect of managements. The same quality staffing is required in the management strata of AnCO itself for the agency to maintain and improve its standing with Irish industry."

Many of the staff of Apprenticeship Services were appointed as Training Advisers, in designations, when the levy/grant schemes came into operation. They were mainly in the Printing and Paper, Construction and Engineering designations. Many had neither the education or the experience for their new role, and a large proportion were not suitable for further development. In the same way lower supervisory grades were recruited into the non-craft designations of Textiles, Clothing and Footwear, and Food, Drink and Tobacco. Only the Chemical and Allied Products designation had a policy of recruiting graduates from the beginning, though other designations did recruit some graduates as time went on.

Declan Sullivan, a former adviser, stated that the quality of the advisory staff did not ignite industry, as many had only limited experience, and early recruits were capable of dealing only at operator level within firms. Brendan Leahy, former CEO of FAS, points out that advisers were recruited at a low grade, and did not have adequate levels of management experience. AnCO's recruitment policy did not attract suitable people from industry, who could compete with the expertise offered by the IMI and private consultancy groups. Thus the Training Adviser had a very limited portfolio.

The 1973 Annual Report stated that AnCO was having difficulty recruiting and retaining the right calibre of staff in the Training Advisory Service. The type of staff or the qualifications desired are not mentioned. In order to redress the balance AnCO began to recruit inexperienced graduates who could be developed, but Brendan Leahy pointed out that the recruitment policy did not attract high calibre people from industry.

The formal development received by advisers was completed during their first two years in AnCO. The quality of this development was not entirely satisfactory, as some of these advisers had to deal at a professional level, with senior managers in major multinational firms. There was no long term development plan, which would equip the adviser, to deal with the variety of problems he was likely to encounter. Much of the development was carried out in-house, by trainers of limited experience and qualifications. The greatest deficiency was in the area of management training, which left the adviser ill equipped to diagnose problems at higher levels within firms, and as a result his credibility suffered. Pat O'Callaghan, Regional Director FAS, South West Region, and former Manager of

the Advisory Service, stated that the mental attitude in the Training Advisory Service accommodated mediocrity.

5.4.6 Management Of The Training Advisory Service

The Training Advisory Service began its operations proper in 1970, but in 1974 Jerry O'Connor the first head of the Training Advisory Service resigned. There is strong agreement between the interviewees who knew him, that his departure marked a loss of vision in the service. The general consensus is that the division which was still expanding, became bureaucratic under Malachy Sherlock. This change from O'Connor to Sherlock, appears to have been a turning point for the Training Advisory Service. Ray Byrne manager of the Engineering Sector, who took over as Director of Training Advisory Service in 1979, made no significant changes in direction. In effect, managers who succeeded O'Connor, made no attempt to build a vision of the future for the Advisory Service.

Systems used in the Engineering Designation tended to be made standard throughout the Advisory Service. This was due to the influence of Ray Byrne. Many of these systems were bureaucratic, and were ignored whenever possible by other designations. While there were personal contacts between advisers, there was little formal co-operation between designations.

The appointment of Kieran O'Donovan, as Director of Training Advisory Service, in 1985 brought no change to either the vision or direction of the service. He introduced a business skills audit for companies which was to be completed by each adviser. The aim

was to get a fix on the levels of skill within industry. This fell into the old trap of asking industry what it was capable of doing. Little if any use was ever made of the data collected.

O'Donovan believed in the idea that training was a discipline in its own right, and advisers did not need to have expertise in the particular industries they served. Staff appointments made during his tenure of office, were in line with this philosophy. He moved some experienced designation managers into designations dealing with industries in which they had no experience, under the guise of job rotation. He also an attempted to reorganise the Training Advisory Service based on regions, rather than on the designations. Dermot Conlon, who was manager of the Chemical Designation, believes that this was an attempt to break the power of the Industrial Training Committees and Designation Managers, who were opposed to his views and actions. These changes never took place as it was overtaken by the formation of FAS, and the dismantling of the Training Advisory Service.

5.4.7 Changing Role Of The Training Advisory Service

For a considerable time after its formation, there was little change, in the role or range of activities of the Training Advisory Service. In 1979 the Advisory Service began to act as training consultants, to IDA, SFADCo and Udaras na Gaeltachta, on training grants for new industry. The adviser had total discretion over the amount of the grant, provided it was based on the standard grant aid criteria. This change strengthened the advisers position, as he now had direct control over the amount of funding a firm received. This made firms more receptive to advice on training matters. However, it is writers

experience that after the funding ceased some firms reverted back to the initial attitude *vis a vis* training and development. From 1979 onwards, there was also a considerable increase in the numbers of projects under the Domestic Industry Grants Scheme, for existing industry, known simply as E.S.F., because it was part funded from the European Social Fund. Work on IDA and E.S.F. training grants, meant that the adviser had less time available to spend on levy/grant matters.

Specialist units were set up in each of the designations, to carry out assignment work on a fee earning basis. This was mainly supervisory type training, which expanded later to include management training. Many of the people carrying out this training lacked suitable qualifications. Some technical training was also carried out, but this depended on the expertise of individual advisers as well as their willingness to take on this type of assignment work.

In 1983 pressure to reduce costs, resulted in each designation being given an annual target for assignment income. A Central Assignment Unit was later formed, mainly from the various designation assignment personnel. This unit carried out management and supervisory type training while technical assignments were still done by the designations themselves. Few people in the new unit had management training of any consequence, to prepare them for the work they were doing. Yet this unit began to think of itself as an elite corps, resulting in friction with designation advisers, who were expected to find business for it.

In 1982 AnCO produced a self learning package on marketing, and later one on quality control. Pressure was put on advisers to sell these packages to firms. These sales appeared to be more import and than normal work. Computer Based Training was also explored with the Training Advisory Service providing a rental service for both hardware and software.

From the early 1980's onwards, the priority of the Training Advisory Service shifted more and more towards IDA and E.S.F. training grants, and to in-company assignment work. Many advisers felt they could make a more meaningful contribution in these areas, than with the levy/grant system, which had begun to degenerate into a meaningless routine. Many firms operating the levy/grant system, did the minimum necessary to ensure the return of the levy, but they had no commitment to training. After the early 1980s the levy/grant scheme simply began to drift. Very often advisers failed to make an impact with the firms who most needed help. From the early 1980s, the writer experienced a feeling of helplessness, as the levy/grant scheme became ineffectual in persuading firms, that training and development was an integral part of the management function.

5.5 PERCEPTIONS OF THE TRAINING ADVISORY SERVICE

A search for literature which assesses the activities of the Training Advisory Service proved fruitless. Ray Byrne FAS Director of Personnel(former Director Training Advisory Service), confirmed that no studies were ever carried out on the effectiveness of the service, by or on behalf of AnCO. Some form of interdepartmental study was

carried to assess whether or not AnCO was providing value for money, but an exhaustive search failed to locate this study.

Neither NESC, ESRI, employer bodies or trade unions had carried out any studies on AnCO, and the Department of Labour could offer nothing on the subject. It appears that in the twenty years of AnCO's existence, no attempt was made to assess the impact of the Training Advisory Service, or its attempts to get Irish industry accept training and development as part of the management process.

A study of the Training Advisory Service was carried out by Tansey, Webster and Associates in 1988, prior to its becoming Services to Industry. The study is not available outside the FAS Directorate. This report was believed by staff at the time to have recommended the total abolition of the Training Advisory Service. Brendan Leahy, who had been the Director General of FAS at the time, stated that the change was being driven by the Department [of Labour], which was objecting to the cost of the service, and there was pressure on the service to become fully revenue earning, and which was the main reason for this report. While the existence of this report is mentioned for completeness, it is outside the scope of this study as the service was part of FAS at that stage.

In the absence of objective studies, a clearer understanding of the relationship between the Training Advisory Service and industry may be got, by examining perceptions of the Training Adviser by his client the Training Executive and visa versa. It must be remembered, that the hierarchical position of Training Executive, varied from one firm to

another. Training Executives were appointed for a variety of reasons, varying from a simple expedient for obtaining the return of 90% of levy, to a genuine attempt to establish an effective training function within the firm. Difficulty in selecting Training Executives for this research, from those with whom the writer had contact over the years, and who might have useful views(positive or otherwise) to contribute, on the role of the adviser and the Training Advisory Service, is indicative of the superficial relationship between many firms and the Training Advisory Service.

The advisers interviewed, agreed that their basic objective was to ensure adherence to the criteria of the levy/grant scheme. Firms which were not conforming, had to be helped to ensure compliance, in the payment of levy and the establishment of the training function. This was the agenda as the adviser received it, but he had difficulty in setting his own priorities due to lack of clear objectives

Firms saw the adviser's role as giving advice on any training needs which they might have, and dealing with the administration of the levy/grant scheme. The attitude to the scheme varied from firm to firm. All saw it as a chore, though some like the Jerry Healy, Human Resources Manager of FMC felt it created a disciplined approach to training, by forcing the creation of training plans which were subject to review.

Former adviser, Declan Sullivan, pointed out that the Training Advisory Service never made maximum impact with industry, partly because the service was never allowed to function properly, and also because AnCO employed non-professionals, who found it difficult to establish rapport with firms. This view is echoed by Niall Mehigan of CII,

who stated bluntly, that some advisers did not know what they were talking about. Pat Lynch, who had been in both the position of training executive and adviser, stated that the adviser's credibility in non training areas, made the firm more amenable to accepting advice on training matters. This shows the policy of sticking to the training brief only, to have been a mistake, as many firms in fact welcomed assistance in areas as diverse as technology and national wage agreements.

The attitude of firms to the Training Advisory Service as the adviser experienced it, varied from very positive to complete indifference, and occasionally open hostility. Declan Sullivan said 'very often the adviser was listened to politely and got out the door as quickly as possible'. Initially, training and the levy/grant scheme were resented by some firms as an interference in their affairs; with adviser being there only to police the levy. As far as the CII were concerned the Training Advisory Service did not gain acceptance, and Niall Mehigan asked if there were any firms clamouring for its re-establishment. Billy Lee Senior Personnel Officer, of Penn Chemicals, thought the adviser's role was an administrative one and adviser visits, were a lot like those of an inspector.

The adviser's criteria for success was twofold. Firstly that the firm received its maximum grant entitlements. This was seen as a mark of success by both the firm and AnCO. The second and more important criterion for success, was getting training and development accepted as an integral part of the management function of the firm. The measurement of success in this area is both difficult and subjective. Frank O'Sullivan former Regional Manager, FAS Services to Industry, Mid West, stated that the decision to train was

forced upon the firm, and training was not seen as being related to profit. He also pointed out that numerical methods such as "rating" only create an illusion, and the only useful method of estimating success is by examining how well the concepts of training and development were absorbed into the organisational culture. This required a change in attitude which was difficult to quantify. The training function was rarely seen as a priority function by firms, so when cuts had to be made, it was axed.

Jerry Healy of FMC, pointed out that in a start-up situation, there was close agreement between the firm and the adviser as to the priorities, but as the time progressed the situation became less clear. Sometimes it might have appeared to the firms, that the adviser was in the business of training, while their business was serving the customer and making profit. Firms had difficulty seeing the link between one and the other.

While it is generally accepted that the Training Advisory Service made a positive impact, by getting systematic training established in industry, this view was not shared by the CII who it must be pointed out were always negative with regard to the levy/grant scheme. The impact on industry was immediate and positive, in the case of operator training, while supervisory training improved to some extent. Jerry Healy of FMC, points out that the adviser operated at a blue collar level, but was not really into management development.

The advisers interviewed, believed that training was never taken on board by Irish industry as a line management function. One of the biggest problems facing the adviser, was that AnCO was not viewed as being important. He was often referred to someone at

junior level, who no real authority, so the adviser could get very little done except the administration of the levy/grant scheme. The adviser was regarded as an imposition, and discussion with Niall Mehigan of CII, confirms this attitude which was particularly prevalent among indigenous firms. The adviser was seen as a necessary evil, if the levy was to be recouped. In some cases the problem was alleviated by the adviser's ability to build up rapport with the firm.

It was agreed by the interviewees, that the position of Training Manager as envisaged by AnCO, could have been counter productive, as it was seen by firms simply as an adjunct which was unnecessary, if the firm was to recover its levy. Jerry Healy of FMC, thought it should have been part of personnel, rather than a profession in its own right. Pat Lynch, former adviser, felt that while AnCO stated that training was part of the function of line management its insistence on having a separate Training Manager was in effect giving the opposite signals. Niall Mehigan of CII saw the training function operating only at shop floor level.

It was agreed by all interviewees, that there was no perceptible change in AnCO policy on training over the years, though some changes in practice were introduced, just to have differences in the schemes. Dermot Conlon pointed out, that the mission of the Training Advisory Service never changed over the years, but its level of priority was reduced, partly due to internal conflict within the AnCO organisation. He also stated that clients did not make any major input into policy, but were able to give it a flavour at designation level. Jerry Healy of FMC, believed that part of the reason for failure to have real input at client level, was that people tended to hang on for years on committees, which ceased

to be effective as a result. He also believed, that the Training Advisory Service did not respond to the changes taking place in industry.

The depth and permanence of impact of the Training Advisory Service depended largely on the adviser's credibility with the firm. Many advisers talked only to the Training Manager, and were uncomfortable dealing with the Chief Executive. The impact of the service diminished over the years, as the pressure to train eased off due to the growing uncertainty of its role and increased constraints both financial and otherwise. Jerry Healy, pointed out, that the importance of development, which is necessary in the longer term in handling change, was never really promoted by AnCO.

The levy/grant system was unable to make allowances for the unique characteristics of individual firms, forcing the Training Adviser often to act as a buffer between the formal AnCO system, and the more pragmatic approach of industry. The firm had to be presented in such a way that the levy/grant criteria were satisfied, and the adviser had to find the things which were most relevant to the firm's needs. As this approach was very pragmatic and each adviser developed a role for himself which depended very much on his own skills and experience, as well as his preparedness to bend the rules in order to achieve results. While the advisers did not 'go native' they did often go to bat for firms against the system.

5.6 SUMMARY

The qualitative analysis of the inner context, process and content of the change in which the Training Advisory Service was involved requires careful description to disentangle the different elements under analysis.

In order to understand the development of AnCO and the Training Advisory Service, it is necessary to begin by describing the conditions which gave rise to them. The acceptance by government, of the inevitability of free trade, coupled with the possibility of entry into the E.E.C. in the early 1960s, forced a reappraisal of the skill levels within the country.

It was accepted, that shortages of skills, should not be allowed to prevent maximum advantage being taken of the economic upswing. These skill shortages could be prevented, by measures which would ensure the systematic training of staff. These ideas were incorporated into the White Paper on Manpower Policy(1965), which recommended the setting up of an industrial training authority, to oversee skills development. The Act which set up AnCO had a very broad scope, which allowed the designation of different industries, and the introduction of levy/grant schemes to promote training.

AnCO had the responsibility for the promotion of training of workers in industry, and the retraining of redundant workers. This was to be done through the Training Advisory Service and a network of training centres respectively. The levy/grant scheme, which was the mechanism for promoting training within industry, was introduced for the different industries between 1971 and 1973.

As time went, on the single AnCO organisation, differentiated into two separate operating divisions; Direct Training and the Training Advisory Service. In 1980 a third External Training division was added.

The change in Director General, from Agnew to Sherlock, saw a change in the public profile of the organisation. Sherlock favoured a much higher profile for the organisation, which led to scrutiny from various outside groups.

Over the years the availability of funding from the European Social Fund, led to a policy of favouring activities which were eligible for funding from Europe. While these changes were taking place, there were no overt changes in policy for the organisation, and from 1973 onwards annual reports make very little reference to policy. As the recession deepened, AnCO took on a social service function and as time went on this became more and more important, since this type of training was funded at a rate of 55% from the E.C.

Between 1967 and 1979 the staff of the organisation rose to approximately two thousand, and it was planned that it increase to almost three thousand by 1983. This increase was only halted by the government embargo on public service recruitment in 1981. The structure of AnCO was highly segmentalist(Kanter, 1984), and each division tented to operate on its own.

The idea of a training advisory service appeared in the reports from which the White Paper on Manpower Policy(1965) was derived. Its main function was to operate the

levy/grant scheme. Some modifications, in the form of rating and netting, were introduced to the scheme over the years, but overall there was no change in the approach to the promotion of training and development.

The structure of the Advisory Service had the same segmentalist nature as the organisation as a whole. The organisation was initially staffed by people from craft and supervisory backgrounds, who were not really amenable to development in higher level management. Later recruitment of graduates attempted to redress the balance, but the cultural mindset was already too deeply embedded. After the departure of O'Connor in 1974 the division lost its vision and became bureaucratic. Increasing size also contributed to the increased bureaucracy

Over the years work on New and Existing Industry grant schemes became more important and the levy/grant scheme began to receive less attention. This was further accentuated in the 1980s, by the demand for more assignment work resulting from pressure to reduce costs.

No assessment was ever made of the effectiveness of the Advisory Service, and the nearest we can get is the perception of the Training Advisory Service, by the Training Adviser himself, and his client the Training Manager. The adviser was seen by industry as policing a bureaucratic system which was more for the benefit of AnCO than the firm. Training was often not seen as important by industry, and was delegated to the lowest possible level in many cases. Many advisers were content to deal with a low level training manager, with the result that no impact was made at senior executive level. Part of the

problem of poor impact may have been caused by AnCO itself, through insisting on the appointment of training managers, resulting in training being taken outside the scope of line management. Finally there were often conflicts of views between AnCO and industry, and the adviser had often to act as a buffer between the two.

CHAPTER VI

DISCUSSION AND ANALYSIS

6.1 INTRODUCTION

Closer examination of the Training Advisory Service, shows that its role was more complex, than simply the promotion of training and development. At its most fundamental level, the role of the Advisory Service, was the promotion of strategic change within industry, and was done at the behest of Government. The real objective of this change process, which was not clearly understood, and as a result poorly articulated at the time, was the creation of a competitive advantage, within Irish industry, by means of a highly trained and developed work-force.

Once it became clear, that the Advisory Service was attempting to undertake a strategic change process, a large and diverse body of literature became available, to help in understanding its activities. The most basic thing to be explained was the rise and decline of the Training Advisory Service itself. Why did the Training Advisory Service, an expensive mechanism for state intervention in the labour market, fail to have the desired effect, and why did it take so long to have this failure recognised? At a more generic level, we examine the role of those state agencies which have intervening functions, and how strategic intent at government level, is transmitted through multiple levels of social structure.

The context-process-content meta-framework(Pettigrew, 1985, 1990; Pettigrew et al. 1988), held promise for explaining the process in which the Advisory Service was engaged, as it had been expanded by Leavy(1991a) to deal with multi level processes. The outline of this multi-level system has been set out in figure 1.

The format for the analysis of the change process, in which the Training Advisory Service was involved, follows the framework set out in figure 2. It begins by analysing the outer context, which it deals with under three headings. Firstly, Irish economic development is looked at from the foundation of the state in 1921. Particular attention is paid to the First Programme for Economic Expansion in 1958 and the subsequent programmes. These programmes, coupled with the strong economic growth of the 1960s, gave rise to the need for an industrial training authority. The change to recession in the 1970s and 1980s, with the significant change in the profile of Irish industry, provided a very different climate for the Training Advisory Service, than the one obtaining at the formation of AnCO in 1967.

The different human resource issues, brought to the surface by the changing economy, are treated separately. Finally the different aspects of the Government's labour market policies are assessed. It might be argued that as the Training Advisory Service was part of a state agency, government policy should not be considered part of its outer context. However, AnCO was a quasi autonomous organisation, and many of its policies were developed independently of government. At the same time a range of government policies which had no direct link with AnCO impacted on its operations.

Having discussed the external environment of the Advisory service, we then examine the content of the change process, which is the particular area under transformation. This change process is not simply the promotion of training within firms, but the broader Government-AnCO-Industry system with all its ramifications, outlined in figure 1. The pressure driving the change process is exerted by the outer context, while the inner context dictates how the organisation will react to signals from the outer context. Both elements of context working in tandem dictate the content and process of change.

The analysis of the inner context of the Training Advisory Service requires assessment of the structure, culture, management and political processes taking place within the organisation. This can be done most effectively using the 'cultural web'(Johnson, 1992), which resolves the different cultural elements to produce the organisation paradigm. Pettigrew(1985, 1990) sees organisational strategy as part of the inner context of an organisation but Green(1988) and Johnson(1992) see it as a logical progression from the cultural web rather than part of the web itself. This allows the isolation of organisational strategy for analysis using the concepts of deliberate and emergent strategy developed by Mintzberg and Waters(1985).

Having examined both the outer and inner contexts of the Advisory Service, as well as the content of the change process in which it was involved, we are in a better position to provide an explanation for the direction taken by the change process itself.

6.2 OUTER CONTEXT

6.2.1 Economic Development

History is not just events in the past, but is alive in the present, and may shape the future.(Pettigrew, 1990). In order to understand why the present economic situation has taken the shape, it has it is necessary to understand the conditions which led to its development. An understanding of how the Irish economy developed from the foundation of the state, may provide insights into the attitudes towards such things as training and development.

When the Irish state was set up in 1921, the economy was almost totally dependant on agriculture, and what little manufacturing industry there was, existed only in the cities and some of the larger towns. The task of pacification after the civil war, left the government with very little time for measures for securing economic development, though it did have many achievements to its credit. De Valera who came to power in 1932, was committed to a policy of wholesale tariff protection. This era of tariff protection reached a climax during the 'Economic War', which resulted from the dispute over the land annuity payments to Britain. The unexpected spin-off, was that it left the country better able to withstand the hardships caused by the Second World War, due to the presence of native industries, which had developed behind the protective barriers.

The post war boom, due to the production of processed foodstuffs, to meet British food shortages, was transient in nature. The result of over reliance on this market, meant that the country drifted into the 1950s, unaware of the difficulties the economy was about to face. By 1955/56 the economy had reached its lowest ebb, and was totally stagnant.

During this period the bulk of manufacturing industry was in the area of textiles, clothing, footwear and food. What high technology firms existed, were mainly in the engineering sector. These firms were mostly of foreign origin, and were involved in vehicle and electrical assembly so as to get around tariff restrictions.

The bulk of native Irish firms at this stage were family owned and run. Management positions were inherited, rather than being filled on the basis of ability. Firms were comfortable behind a generous and indiscriminate tariff screen, which protected them from foreign competition, and the need to eliminate uncompetitive practices. Little or no management training was carried out, and most of industry was unperturbed by the loosening of tariff restrictions beginning to take place in the rest of Europe.

The turn-around in the Irish economy began with the publication 'Economic Development' by the Department of Finance in 1958. This paper, for the first time, targeted manufacturing industry and tourism as sources of economic growth, rather than the total reliance on agriculture, as had previously been the case. Its most important contribution however, was that it provided a confident stance in an otherwise bleak economic climate.

The Programme for Economic Expansion(first), published as a white paper in 1958, was directed towards industry rather than economic expansion, and signalled the move from protectionism to free trade. This significant change in direction, would have important implications for Irish industry, so long protected from outside competition.

By this time, the Taoiseach Sean Lemass, had lost confidence in the ability of Agriculture, to act as an engine for economic growth. It was clear that the country could not provide its own high technology industry, so Lemass sought to import foreign technology, by means of a generous package of incentives. At the same time, Irish industry and jobs were protected by the proviso, that the bulk of the output from the foreign firms was to be exported. This would also have a positive effect on the balance of trade. It was a two edged weapon however, as most of the indigenous firms continued to hide behind the protective tariff barriers, with no attempt to make themselves competitive by international standards.

As early as 1959/60, there were signs of a significant increase in non food/agriculture manufacturing. Furthermore, from 1960 onwards, there was a significant drop in the numbers emigrating. In 1960 the Treaty of Rome brought the first six members of the E.E.C. together, and this pointed Europe firmly and irreversibly on the road to free trade.

The absolute necessity of following Britain into the E.E.C., gave new impetus to the preparation for free trade. Various studies were carried out to assist firms in responding to the challenges of free trade. Among these studies was the Report of the Inter-departmental Committee on Retraining and Resettlement in Relation to the European Social Fund, which pointed among other things to the need for more systematic operative and craft training. De Gaulle's veto of British and Irish entry to the E.E.C. gave more breathing space, but indigenous firms took little advantage of this reprieve, to become more competitive. As a result there may have been a touch of desperation about

the Anglo Irish Free Trade Agreement in 1965, in that it forced Irish firms to face the reality of free trade.

It was in this climate of change that AnCO The Industrial Training Authority came into being in 1967. The Industrial Training Act 1967, concentrated on operator training up to and including the level of craftsmen and first line supervisors. None of the various reports which preceded the act, the legislators who enacted it, or the people within industry, saw the need for high level skills. It was considered, that the success of manufacturing industry depended on the availability of operative skills, which required dexterity, rather than high levels of skill and technical knowledge.

The pattern of economic development broke with historical trends after 1960, and increases were recorded in employment and population for the first time in 120 years. A significant feature of the growth, is the role played by affiliates of foreign firms, while at the same time there was limited success for indigenous firms. This can be explained at least in part, by the fact that most of the multinational firms were operating at or near the cutting edge of technologies, in which they had a competitive advantage. At the same time native firms operated in traditional sectors, and faced growing competition from the outside. The maintenance of competitiveness often required the kind of investment capital which was not available to them.

From 1968 onwards, economic performance began to deteriorate, and was compounded by a 21% pay increase, under the 1972 National Wage Agreement. The first oil crisis which followed in 1973, resulted in an upward spiral of inflation, which was not brought

under control until the late 1980s. As the 1970s progressed, job losses mounted, as firms succumbed to the outside competition resulting from freer trade, and to the slump caused by the deepening international recession.

The plan for economic recovery put forward by Martin O'Donaghue, Minister for Economic Planning and Development, was a dismal failure, as the increase in output, and the standard of living, projected by the plan, was more than offset by the high wage increases, which boosted the consumption of imported goods, and thereby fuelling inflation, This inflation became chronic after the second oil crisis in 1979, reaching a peak of 20.4% per annum in 1981.

Over the thirty years between 1958 and 1988, a considerable change took place in the profile of Irish industry. This fact is somewhat hidden by the aggregate statistics, which shows a relatively small change in the distribution of employment between the different industry sectors. The engineering sector had a significant increase with the establishment of new electronics firms. Traditional industries like textiles, clothing and footwear declined both relatively and absolutely. The population of firms changed within the different industry sectors, with older firms going out of business and being replaced by new ones, such that very few of today's firms were in existence in 1960. The aggregate statistics fail to show these evolutionary trends. Added to this, there was a considerable change in technology within the engineering and chemical sectors, which required significantly higher levels of skills.

The overall changes in the numbers employed also cover over deeper trends. An IDA employment survey shows a net increase of 19,392 jobs between 1973 and 1981. The more important data shows that in that period while 92,181 new jobs were created 72,989 existing jobs were lost. A considerable proportion of those whose jobs became redundant over the period failed to transfer to the newly created jobs, because as the Telesis Report(N.E.S.C., 1982) points out; they were of the wrong age, sex, had redundant skills or had the wrong work ethic.

The economic climate of the late 1970s and 1980s, was distinctly different from that which obtained when AnCO was set up in 1967. In 1967 the government was attempting to ensure that economic expansion was not restricted by shortages of skills at operator level. At that time shortages of higher level skills were never really considered. The dramatic changes in the economic situation, as well as the accelerating pace of economic development, forced AnCO and the Training Advisory Service, to operate in an environment, for which it had neither been designed or prepared.

6.2.2 Developments In Human Resource Management Theory And Practice
Development Of Human Resources Management
Since the late 1950s, considerable change has taken place, in the way in which the industrial society views the role of the employee. Up to then the theories of scientific management, as espoused by Fredrick Taylor, were widely accepted within industry, and management controls were highly bureaucratic in nature. Employees were seen as neutral to the success of the firm, except where their failure to reach production targets had an adverse effect.

Over the following thirty years, considerable change took place in the way in which the employee was viewed, and the human element of the enterprise became more important. It became accepted that people were the firms greatest asset, but only if treated and motivated correctly. This treatment includes wages, security of position, recognition of the individual and scope for the employee to take pride in his work. Human resource management, encompasses all activities involved in recruiting, hiring, training, developing of all levels of personnel including line management.

Organisational Structure, Culture And Training

In the past, organisational structures, were not seen to play any role in the overall competitiveness of the firm. From the late 1950s onwards, writers such as Woodward(1958) and Burns and Stalker(1961), began to see the link between business performance and organisational structure. They believed that organisational structure had to be compatible with both the firm's technology, and its environment. This became more important from the late 1950s, because of the accelerating development of technology which was taking place. The traditional demarcation between technologies was also breaking down, and new composite technologies such as electronics, were beginning to emerge.

The single biggest problem facing most organisations, over the last thirty years, has been the rapid pace of change. From the human resources point of view, the management of change, involves overcoming resistance to change, which is usually not to technical change itself, but to the social change which accompanies it(Lawrence, 1969).

The many writers on organisational culture, Deal and Kennedy, (1982); Peters and Waterman, (1982); Kanter, (1984) to name but a few, believe that the culture of organisations, along with their structures, contribute immeasurably to the way in which they handle change.

Innovation is the response of the individual to the pressures which bring about change. Innovators, though their potentialities have been developed, will remain passive until activated by culture. Human resource professionals can best contribute to a firms success, by acknowledging the different aspects of change, and by working with management to identify and articulate an organisational perspective, within which innovators can approach their tasks. The essential problem of innovation, is the translation of individual drive, into collective purpose and commitment (Pettigrew, 1979).

Enterprise can be empowered or inhibited by the structures of organisations, and the level of innovation within firms is a function of organisational structure(Kanter, 1984). There is no easy relationship between the structure of an organisation and its culture, but Kanter(1984) points out, that in firms with integrative structures security comes from organisational culture, rather than from the structure of the organisation itself. Innovation is helped by training, and Arthur and Hendry(1990) point out that innovative firms invest heavily in training. Change through training can be introduced from the outside, but steps must be taken to help members of the organisation to develop new patterns of cohesiveness, and new frames of reference.

The ultimate objective of change is the creation of competitive advantage (Kanter, 1984). However, having the correct policies for change is not sufficient, an organisational capacity to change is also important. This organisational capacity to change, or organisational readiness(Lengnick-Hall and Lengnick-Hall, 1988), measures the availability of human resources skills, numbers, styles and experience needed for strategy implementation. Ulrich(1989) shows how competitive advantage can be achieved, through organisational capability, when people are recognised as a critical resource, and are managed to create a common focus for, and direction within the organisation. A key element of in achieving organisational capability is training and development (Ulrich, 1989). Porter(1985) sees training as an integral part of the human resource function, which can help a firm achieve a competitive advantage, by lowering costs and or increasing sources of product differentiation.

Training can be divided into two different areas. Firstly there is training in the accepted procedures, techniques and values of the organisation, which allow the trainee to be better able to achieve pre-existing standards. In this case the trainee is learning the special patterns of behaviour and value systems within the organisation. This type of training is relatively easy to implement and is readily accepted by the trainee. The other type of training identified by De Freine(1985) teaches people how to handle change and involves teaching the social values of the organisation which empower people accept and undergo change(Kanter, 1984). This process is far more problematic as it is difficult to assess the effectiveness of the training, or predict the results when the training is put into practice.

AnCO's Response To Changes In Human Resources Practice

AnCO was involved in the promotion of training and development over a twenty year period. What changes did it make to its mode of operation over that time, and how did it react to the significant changes taking place in the area of human resource development?

AnCO was set up in response to the fear that the pace of economic development could be restricted if skilled workers were not available to exploit the opportunities presented.

The Report of the Inter-departmental Committee on Retraining and Resettlement (1963), recognised that skills could be acquired more easily by planned training than by trial and error. This required the trainee to be more than just a passive spectator, and the training had to be planned and organised. The trainer had also to be trained in the AVT (accelerated vocational training) method of training. While the committee did consult with the relevant interested parties, and examined what was currently being done in Europe in relation to worker training, no attempt was made to take into account the most up to date theories on the optimisation of manpower. This may have been due to the fact that the committee was composed entirely of senior civil servants. The ideas in the above report had a direct influence on the formation and future development of AnCO.

The AnCO Staff Information Handbook in the late 1970s stated that the aim of AnCO was to " promote the provision of training in the skills necessary at all levels in industry and commerce so that business may be more successful.... and individuals have better

prospects and more rewarding careers...". However, the primary focus was always the area of operator training.

The main focus of the Training Advisory Service was the promotion of training and development, which became a taken for granted assumption (Johnson, 1992) within the division. No attempt was made over the years to re-define the mission of the Training Advisory Service in the light of changes in its outer context, or advances in the area of human resources management. This shows how the paradigm(Johnson, 1992) can become all pervasive. The promotion of training and development is not an end in itself, but rather the means of achieving some aim or objective, which in the case of the Advisory Service was competitive advantage for Irish industry.

To be fair to the Training Advisory Service it was attempting to succeed in a field which at the time was only very inadequately understood. The value of training was only understood and accepted by industry at a physical level in relation to productivity and output, where systematic training in production skills could increase productivity as a result of increased output and reduced waste levels.

Very little attention was given to understanding the deeper levels of training and development as an integral part of the human resource function, which can help a firm achieve a competitive advantage by lowering costs and or increasing sources of product differentiation (Porter, 1985).

A major failure on the part of AnCO, was that while very significant changes were taking place in the approach to the human element within industry, the Research and Planning Division, originally set up to provide research information for the organisation, concentrated on the production of statistics and market research in relation to courses, rather than keeping up to date with the developments in human resource theory, and their implications for AnCO.

The AnCO View Of Training And Development

AnCO's view of the role of training and development is set out in the Staff Information Handbook, which says in relation to the Training Advisory Service, "It seeks to convince industry that investment in training and development is as important as investment in capital equipment" and "AnCO uses the levy/grant scheme to encourage systematic training within industry". This is the most explicit mission statement of the Training Advisory Service which the writer has found.

Brendan Leahy former CEO of FAS, pointed out that in the early days, the main objective of the adviser was to assist firms in conforming to the requirements of the levy/grant scheme, and that firms tolerated the service in order to get their grants back. As the Training Advisory Service became more accepted, firms saw the value of the systematic training of operators. The Training Advisory Service had moderate success in the promotion of supervisory training. However, the Advisory Service concentrated more on achieving conformance to the requirements of the levy/grant scheme, than promoting training and development per se.

The Advisory Service had no policy on training for change, and no attempts were made to promote innovative behaviour in firms. The changes in attitude towards training which were promoted in firms were not irreversible, and Pat O'Callaghan former Manager of Training Advisory Service, as well as other interviewees, pointed out that these attitudes reversed as the pressure from AnCO eased off. From the mid 1980s onwards, the pressure to train eased off as the levy/grant system began to grow stale.

No attempts were made to initiate real and irreversible changes within firms, probably because few if any in the Training Advisory Service, had had any exposure to the modern ideas on human resources management, and scientific management theories were still in vogue within the organisation. Training in such areas as organisational culture, and on how change takes place within organisations, which might have helped the adviser to legitimate the change process he was trying to bring about(though probably unknown to himself), was not available to him. In retrospect few if any Advisers realised how easy it would be to reverse the changes which had taken place in firms.

In broad terms, what the Training Advisory Service was trying to do was a good idea, but the objectives of the organisation with their concentration on physical skills did not address the real human resource issues. The organisation concentrated on physical skills, but failed to promote training and development as a means of stimulating change and innovation. This latter area was of great importance in the development of Irish industry. Apart from ensuring the economic development of the late 1960s was not held back by shortages in physical skills, government policies never addressed the fundamental human resource issues of Irish industry. The early successes in the area of operative training,

when the average level of skills was low and almost any initiative was likely to have high levels of success, may have sown the seeds of later difficulties. The strategy which was successful in the area of operator training imprinted itself on the organisation, resulting in later years in what Stinchcombe(1965) called "traditionalising forces", which made the development and adoption of other policies and strategies more difficult.

6.2.3 Government Policy

Manpower Policy

It might be argued that government policy is not a valid part of AnCO's outer context as it was itself a state organisation. However, AnCO acted in many respects as an autonomous organisation, and government policy interacted with it in much the same way as it did with private organisations.

Government policy, as articulated in the First Programme for Economic Expansion, attempted to pull Ireland out of the economic depression of the 1950s, and prepare it to meet the challenges of free trade. The positive stance taken resulted in a significant upswing in the economy in the 1960s. By this time the Taoiseach Sean Lemass had accepted manufacturing industry as the engine for economic growth.

The only major impediment perceived by the Second Programme for Economic expansion, to the continuation of the economic boom of the 1960s was the possibility that it might be held back for lack of skills. The formation of AnCO, was the government's most significant response to this problem. While the scope of the 1967 Industrial Training Act covered all aspects of training both industrial and commercial, the

studies which preceded it as well as the activities of AnCO in its early years, clearly demonstrated its blue collar focus.

The government believed when setting up AnCO, that the primary responsibility for training rested with the firms themselves, and the levy/grant scheme was introduced as a measure to force firms to train. This scheme was taken in its entirety from the British system. with no attempt to review its effectiveness or to consult with industry on its introduction. As a result industry disclaimed ownership of the levy/grant scheme.

Policy Development

The original policy formulation occurred, in the context of strong economic growth throughout Europe, and its resultant full employment. The policy decision on the formation of AnCO was contained in the White Paper on Manpower Policy(1965), but no further attempt was made to reformulate policy, until the publication of the White Paper on Manpower Policy in 1986.

Failure by the government to further develop its policy, may be laid at the door of the Department of Labour, which had been set up in 1966. According to Agnew(1967), manpower policy was one of the main functions of the Department. The Department of Labour took on the functions of the Manpower Agency, set up under the 1965 White Paper on Manpower Policy. The remit of the agency was to determine the manpower objectives, in the light of its manpower forecasts. The Department failed to provide the relevant statistics and information.

This may to a certain extent be due to the fact that, like many other countries, the process of predicting medium to long term manpower demands, proved near impossible for a variety of reasons. The OECD(1974) review of manpower policy, which came eight years after the Department of Labour came into existence, noted that the Department was not adequately staffed and organised, to perform in the area of economic forecasting, budgeting, decision making and the use of active manpower policies. There were few staff qualified to interpret economic impetus, to contribute to design of active manpower policies, to forecast developments in the manpower field, and to examine policy options for possible application in the future. It recommended the setting up of a specialised unit in the department, staffed by professional economists, statisticians etc. who would work with university contacts, who were doing professional work on manpower problems. A recommendation similar to this had been put forward by Devlin (PSORG, 1969), in relation to all government departments.

The OECD(1974) noted that the Department was responsible for manpower policies, without participating in the decisions which affect the economic environment in which these policies operated. Manpower Policy in Ireland(NESC, 1985), stated in relation to the mid 1970s, "the whole government structure in the manpower area lacked cohesion and did not have adequate linkages. This arose, mainly because the Department of Labour did not evolve, with the authority and drive to co-ordinate, further develop and review manpower policies according as social and economic conditions changed". Thus in the absence of a clear policy on the part of the Department of Labour, and in effect the Government, the Council of AnCO had no alternative but attempt to develop its own policies. This led to AnCO having a greater level of independence from its parent

department, than was probably ever envisaged. At the same time it appears that the Department of Labour was content for many years, to allow AnCO to make its own policy decisions. This however, is in direct contravention of Devlin's(PSORG, 1969) recommendations, in relation to the policy and power demarcation between government departments and their executive agencies. This abdication of policy to executive agencies was even more marked in the area of industrial policy, where the responsibility for policy development was transferred to the Industrial Development Authority.

Effects Of Social And Economic Policies

While there were no overt policies on the part of government in relation to training and development; government policies in other social areas did have a profound effect on the activities of AnCO. As the recession of 1974/76 began to bite, the government began to see AnCO as having a role in the area of "job maintenance". When finance from the European Social Fund(E.S.F.) became available in 1974, AnCO was seen as the ideal vehicle for channelling these funds into the economy. Although there was no official policy change, none the less this represented a significant change in mission for AnCO.

Over the years as exchequer finance became more problematic, the question of whether or not initiatives would receive E.S.F. funding took on greater importance, and by 1987 almost the entire range of AnCO activities of were receiving the maximum 55% funding from the E.C.(AnCO, Annual Reports 1967-1988).

Government saw the large AnCO staff(2304 in 1986), as a resource to be used in the job maintenance area, as well as in other schemes which helped to keep the numbers on the

unemployed register within acceptable limits. As the recession deepened AnCO increasingly took on the role of a social service organisation, with training schemes being used more and more for social purposes, rather than the attainment of competitive advantage within industry.

The Training Advisory Service, which was funded solely from the exchequer, became less important, and as Pat O'Callaghan former manager of Training Advisory Service pointed out, the heavy hand of the Department(Labour) came down more and more via financial control rather than policy. Between 1974 and 1987, the percentage of the overall budget AnCO budget allocated to the Training Advisory Service, dropped from 8.7% to 3.3%.

There was little government policy for AnCO as a whole and none relating to the specifically to the Training Advisory Service. As a result AnCO's main interaction with Irish industry was not guided by government policy.

In reality, the Government set up AnCO, and then cut it adrift to take whatever course it would. The lack of clear and measurable strategic objectives, both in its own mind and that of the public at large, made AnCO the ideal instrument by which successive governments could introduce initiatives, which were both social and political in nature. Many of these initiatives, such as the 'jobsearch' scheme, were impossible to resist, as they were initiated at the highest level.

6.3 CONTENT OF CHANGE

6.3.1 Initial Content Of The Change Process

The content of change is defined(Pettigrew et al., 1988) as the particular area of transformation under study. This area is not permanently fixed, but evolves as the organisation interacts with its context. In studying the content of the change process in which the AnCO, Training Advisory Service was involved, we must begin with the change content envisaged by the organisation's architects. It is essential for an organisation such as the Advisory Service, that the initial content of the change process in which it is involved be correct, otherwise it is highly unlikely that it would develop successfully in the longer term.

When we look at figure 1 above, we see that the Training Advisory Service was not working in isolation, but was an integral part of the Government-AnCO-Industry system. The initial content of the change process was dictated to a large extent by those who set up AnCO to meet the perceived needs of Irish industry.

While a number of reports indicated the need for a better and more formalised approach to training, the real impetus began with the NIEC Report on Manpower Planning(1964). This report based on the Second Programme for Economic Expansion, predicted shortages of labour in particular areas, and acute shortages of particular skills, unless action was taken. This report considered skill shortages exclusively in the blue collar areas, up to technician level. No attempt was made to consider skill shortages in the management area.

Part of the reason for the concentration on the blue collar area, was because the methods of manpower planning in use at the time relied heavily on the extrapolation of existing trends. Manpower planners were unable to foresee the effects of the increasingly rapid changes in technology beginning to take place in the mid 1960s. At the same time, it was impossible to envisage the types of management skills which would be required to run firms in these changing circumstances. Neither was it realised that an accelerating pace of change would become a permanent feature of industry.

The initial content of the change process, in which the Training Advisory Service was involved, was that of ensuring that firms had sufficient skills, to enable them to take advantage of the general upswing in the economy. This was to be done by encouraging firms to train so as to avoid skill shortages. While shortages of skills were seen as a disadvantage, the possession by a firm of superior levels of skill compared to that obtaining in the industry generally, was not considered to be particularly advantageous.

6.3.2 Competitive Advantage Through Training And Development

In recent times a more holistic approach has been taken to training and development, which is now seen as an integral part of the human resources function, which as Porter(1985) pointed out could help a firm to achieve competitive advantage, by lowering costs, increasing sources of differentiation or both.

Ulrich(1989) shows how competitive advantage can be achieved through organisational capability, when people are recognised as a critical resource, and are managed to create

common factors for, and direction within the organisation. A key element of organisational capability is training and development.

There is no clear understanding of what is meant by being competitive at national level(Porter, 1990). Many explanations are put forward as to why countries are competitive: for example, cheap and abundant labour, natural resources, government policy, or management practices. Porter(1990) believes that competitive advantage cannot be explained in any one of these terms alone. There is no doubt that national circumstances play an important role in the achievement of competitive advantage. However, the creation of competitive advantage requires insight into new ways of competing, and the willingness to take risks, and to invest in implementing them(Porter, 1990). Nations succeed when the national environment enables firms to perceive new strategies for competing in an industry. Sustaining competitive advantage demands continual change, which is both uncomfortable and organisationally difficult(Porter, 1990).

National competitive advantage, can only be understood in terms of the way in which firms create and sustain competitive advantage. Firms gain and sustain competitive advantage in international competition, through improving, upgrading and innovating (Porter, 1990).

Each nation is endowed, to a greater or lesser extent, with factors of production, such as labour, arable land, natural resources capital and infrastructure. This endowment plays an important role in the competitive advantage of a nation's firms. However, Porter(1990)

points out, that the factors most important to competitive advantage, especially in those industries most vital to productivity growth in advanced economies, are not inherited, but created within a nation, through processes that differ widely across nations and among industries.

In understanding the role of factors, it is increasingly necessary to differentiate between factor types (Porter, 1990). Two important distinctions stand out, the first is between basic factors and advanced factors. Basic factors include natural resources, climate, location and unskilled and semi-skilled labour. Advanced factors include such things as modern data communications infrastructure, highly educated personnel and universities.

Advanced factors are now the most significant for competitive advantage. They are necessary to achieve higher order competitive advantages, such as differentiated products and proprietary production technology. The institutions required to create truly advanced factors (such as educational programmes) themselves require sophisticated human resources or technology.

The second important distinction among factors of production is their specificity. Generalised factors include such things as road systems, supply of capital or well motivated and educated employees. Specialised factors involve narrowly skilled personnel, infrastructure with specific properties, knowledge based in particular fields and other factors with relevance to a limited range of, or even just a single industry. More advanced factors tend to be more specialised, while generalised factors tend to support more rudimentary types of advantage.

A private sector role in factor creation is necessary in most industries, as advanced factors are most important for competitive advantage, and firms are best placed to know which of these are necessary for competition in their industries. The role of the state, is to act as a catalyst for the private sector, in the development of these factors. Government investment in factors, usually concentrates on more basic and generalised factors. Efforts by government to create advanced and specialised factors often fail unless they are closely coupled to industry(Porter, 1990). Many see the role of government as vital, if not the most important influence on modern international competition. However, competitive advantage cannot be achieved by government policy alone.

Economies progress by upgrading their competitive positions, through achieving higher order competitive advantages in existing industries, and developing the capability to compete successfully in new high productivity segments and industries. Each economy has a range of industries, with widely differing sources of competitive advantage(Porter, 1990).

Achieving more sophisticated competitive advantages, competing in advanced segments and new industries, demands human resources with improved skills and abilities (Porter 1990). In the Irish context Roche and Tansey(1992) point out that, enhancing the skills base offers one of the few available opportunities for Ireland to secure national competitive advantage, built upon a differentiated factor of production. Porter(1990) argues that the quality of a nations human resources must rise steadily if a nation's economy is to upgrade. He found that nations which he studied, and which invested

heavily in education(Germany, Japan and Korea), had advantages in many industries which could be traced in part to human resources. He also found that those industries which were most competitive, were often those where specialised investment in training and education had been unusually great.

Education and training, constitutes perhaps the single greatest long term leverage, available to all levels of government in the upgrading of industry(Porter, 1990). Improving the general education system is an essential priority of government, and a matter of economic and not just social policy. However, the general education system on its own is insufficient to ensure national advantage. Also important, is the setting of policies, which link the educational system to industry, and encourage industry's own efforts at training. The education and training system must demand high performance, as no nation will prosper unless its citizens meet world standards. High standards are difficult to achieve without some national or state involvement, and standard setting is an important role of government. Tansey and Roche(1992) point out that the only realistic way of assessing the Irish skill base, is by comparing it against the best prevailing practice in Europe.

6.3.3 Development Of Content

Porter(1990) sees the government's role in the change process, as stimulating dynamism and upgrading. The governments aim should be to create an environment in which firms can upgrade their competitive advantages. Part of the creation of this environment, is the promotion of a view within industry, that training and development can contribute to competitiveness.

This view represents a significant change, from the one where training is seen as simply preventing skill shortages. On the surface, there may not seem much difference between training to prevent skill shortages, and training as a means of promoting competitive advantage. At a deeper level, it represents the development from a negative to a positive view of human resources within firms.

We have seen how the emphasis on human resources has changed over the time period between the formation of AnCO, and its amalgamation into FAS. How well did the content of the change process being promoted by the Training Advisory Service follow the changes in human resource thinking?

Agnew(1967) indicated that the training of operators was to be the principal activity of the AnCO organisation. As far as the Training Advisory Service was concerned, the initial content of the change process in which it was involved, was to persuade firms of the value of operator training, and the vehicle for this was levy/grant scheme.

The government, which had the ultimate responsibility for the development of the content of the change process, took very little part in its development once AnCO had been formed. The responsibility for policy development lay with the Department of Labour, which failed to provide any real guidance over the years.

The OECD(1974) were very critical of the Department of Labour, *vis a vis* its manpower planning capabilities, due to its lack of resources, as well as a suitably qualified staff. NESC (1985) pointed out that the whole government structure in the manpower area

lacked cohesion, mainly because the Department of Labour did not evolve, with the authority and drive to co-ordinate, further develop and review manpower policies, as social and economic conditions changed. This allowed the responsibility for policy to fall on the council of AnCO, which as a result was forced to make its own policy decisions, in direct contravention of the Devlin recommendations (PSORG, 1969). The Council of AnCO lacked the expertise for this type of policy making.

Over the twenty years of its existence, there was little by way of formal policy change on the part of the government, in relation to AnCO or the Training Advisory Service. As a result the work of the Advisory Service was not guided by up to date government policies. In effect once AnCO had been set up by the government, it was cut adrift to take its own course without government guidance.

As the 1970s progressed, the government abdicated its responsibility for industrial policy to the Industrial Development Authority, and much of the responsibility for manpower policy went to AnCO by default. The external imperatives of the recession coupled with rising unemployment, forced AnCO to take responsibility in the area of employment maintenance, and from 1974 onwards the availability of funding from the European Social Fund, caused AnCO to focus its attention onto the training of the unemployed. This change of emphasis, though not a formal one, moved the focus of the organisation further and further away from training within industry.

Over the years the mission of the Advisory Service changed very little, though its priority within the organisation as a whole was reduced, as demonstrated by the drop in the

percentage of resources devoted to it. At the same time, the activities of the Advisory Service increased greatly in the area of administration of grant aid, through the training grant schemes for new and existing industry.

Apart from administrative changes in the levy/grant schemes in some designations, there was no change from the emphasis on the prevention of skill shortages during the period. Furthermore, no attempt was ever made to redefine the role of the Training Advisory Service, in terms of the most up to date thinking in the area of human resources management.

At the same time the absence of clear objectives, caused the effectiveness of the levy/grant scheme to be measured in terms of its activities, resulting in these activities becoming ends in themselves. One reason for this identified by Leahy the former Director General of FAS, was that the main objective of the Training Adviser in the early years was to ensure that firms conformed to the requirements of the levy/grant scheme. Another reason was the adviser was not equipped, either by training or experience, to deal with the areas of change and innovation.

The OECD(1974) recommended that the Training Advisory Service be built up from a core of really good staff, who would command the respect of industry. This never really happened, and in many cases the adviser had to struggle to gain acceptance with firms.

The training which the early Training Advisers received, was not appropriate to the change process which they were attempting to implement, particularly in later years. The

early ideas on operator training, and the promotion of the levy/grant scheme, became part of the paradigm of the Advisory Service. After O'Connor departed as head of the Advisory Service in 1974, his successors showed an overall lack of vision. As a result, no attempt was ever made to evaluate the effectiveness of the Advisory Service or redefine its role. It must be concluded, that the content of the change process which the Advisory Service was implementing, did not evolve over the years, in line with thinking in the human resource area.

It is clear, that the essential though poorly articulated content of the change process, in which the Training Advisory Service was involved, was that of ensuring Irish labour as a factor of production, was both advanced and specialised, compared with its international competitors. However, it is equally clear, that this was not understood by the management of the Training Advisory Service, who continued to see training and development as it had been seen in the 1960s, as a purely preventative measure. The reason for this may have been that the Advisory Service became so taken up with the activities of the levy/grant scheme, and later by New and Existing Industry Grant Schemes, and in-company assignment work, that if failed to put the objectives of Training and development in their proper perspective. It is also true that no real attempts were made either by the Training Advisory Service or the Research and Planning Section, to keep up to date with advances in the human resources area. The net result was that little or no real development took place in the content of the change process, which as a result became quite outdated by 1987.

6.4 THE INNER CONTEXT OF THE TRAINING ADVISORY SERVICE

6.4.1 Inner Context

The term inner context refers to the on-going strategy, structure, culture and political processes found within organisations(Pettigrew et al., 1988). The inner and outer context together, help to explain why change takes place within organisations. Green(1988) and Johnson(1992), while not disagreeing that strategy forms part of the inner context, separate it from structure, culture, management and political processes, and see it as a logical progression from, and product of, the interactions of the other areas. Johnson(1992) further argues, that past decisions mould future strategy and is in agreement with Boeker(1989), who emphasises how founding history affects future strategy.

The processes which give rise to strategic decisions, and the development of overall strategy, arise through the application of managerial experience as a filter of internal and external stimuli, within the politicised social setting(Johnson, 1992). This almost unconscious filter, is based on the 'taken for granted' assumptions, beliefs and culture of the organisation. Managers have a set of core beliefs called the paradigm, which is unique to the organisation in which they work, and through which the often confusing signals, the organisation faces, are rationalised and made sense of(Johnson, 1992). This paradigm evolves over time, and is reinforced by history, so as Boeker(1989) argues the early events subsequent to the formation of the organisation, are all important in deciding the way in which the particular organisation develops.

Organisational capabilities(Ulrich, 1989) affect the performance of an organisation, but do not themselves create strategy. People create strategy, and one mechanism by which this is done at the cognitive and cultural level, is the paradigm (Johnson, 1992). Johnson further shows, that all environmental scanning of opportunities, threats, strengths and weaknesses are filtered through the paradigm, prior to the formation of strategy. The strategies which emerge through the social and political processes, are configured within the bounds of the paradigm(Johnson, 1992). It is necessary then to have a clear understanding of an organisation's paradigm before attempting to analyse its strategy.

The paradigm dominates the development of strategy, and causes resistance to change, when the wider cultural context in which it is embedded is considered. The rituals of an organisation, provide a programmed way for its members, to respond to given situations. Change then means, that members of the organisation may be required to change substantially, their core beliefs and ultimately the paradigm. Such changes are interpreted as threatening, by political elites within the organisation(Johnson, 1992). The paradigm however, is not a rigid set of beliefs, but evolves gradually in response to the stimuli from both the inner and outer context. On balance, managers are more likely to discard evidence which is contrary to the paradigm (Johnson ,1992).

6.4.2 The Paradigm

An understanding of an organisation's paradigm, is central to understanding the strategic change processes taking place within it, or in the case of an intervening agency, the way in which it positions itself in order to bring about change in another organisation. Johnson and Scholes(1988) and Johnson(1992) use the 'Cultural Web' figure 5 as a
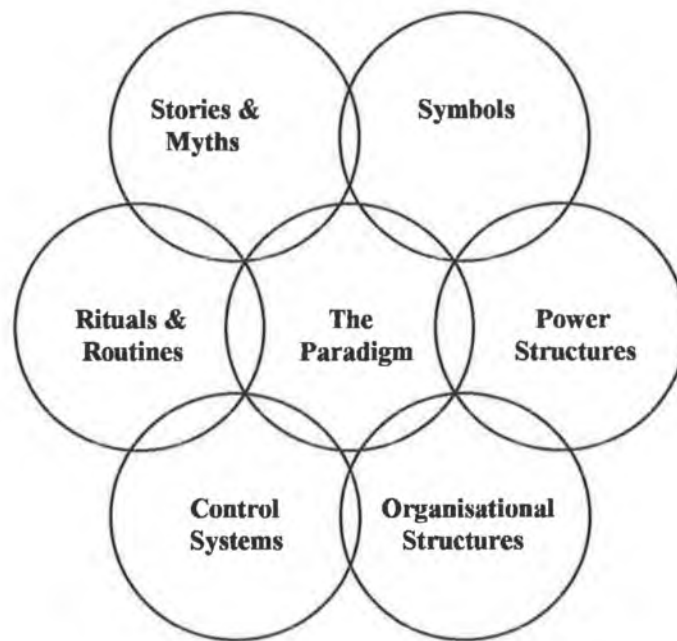
Figure 5 The 'Cultural Web' of an organisation(Johnson, 1992)

means of understanding organisational culture. They see culture as being made up of six

different but interconnected dimensions, consisting of control systems, organisational

structures, power structures, rituals and routines, stories and myths and finally symbols.

Each of these areas, which are separated for clarity of analysis, are interconnected and

create the central perception of reality called the paradigm.

As we are studying the Training Advisory Service from its first beginnings, the

contribution made by the early members of staff to the initial paradigm, is very important

as it laid down patterns of behaviour which became the accepted norm within the

organisation. Equally, the diverse skills of the individual staff members helped to set the

direction of the organisation.

It should be pointed out, that being a non-commercial state organisation, AnCO was not subject to the same economic pressures as a commercial organisation. On the other hand, such organisations are subject to the demands of their parent departments, which may change depending on a variety of factors, including political expediency.

Staff And Skills

In order to understand how the paradigm of the Training Advisory Service developed, it is necessary to look at the staff of the division and the skills they possessed. Although AnCO was set up as a new organisation in 1967, the first staff, apart from some of the management grades, were drawn from the old Apprenticeship Board, which had been absorbed in its entirety into AnCO. Some went into the Apprenticeship Services section, and the remainder joined the craft designations when they were formed. These advisers had craft backgrounds, with considerable experience in their respective trades. Few however, had completed second level education. This resulted in a discernible anti-intellectual bias, with an underlying antipathy towards those advisers with third level qualifications recruited in later years.

When the Training Advisory Service became fully operational around 1972, its primary aim was the promotion of the levy/grant scheme. This scheme, as Jerry O'Connor former head of Training Advisory Service pointed out, was a passing phase whose the main function was to be the creation of a training infrastructure within industry, and the Advisory Service only emerged, because there was no training infrastructure. In retrospect, it is clear that the levy/grant scheme failed to create an infrastructure which had any degree of permanence.

O'Connor stated that AnCO recruited a mixture of older more experienced people and graduates. Brendan Leahy who managed the non-craft section at the time stated however, that the recruitment policy did not attract people of a high calibre from industry, and staff could not compete with the IMI and other private consultancy groups. He pointed out that advisers were administrators of the levy/grant scheme, with an otherwise very limited portfolio. Furthermore, he stated that only about one third of the advisers recruited in the earlier stages were capable of being developed.

The 1973 AnCO annual report admitted that the Training Advisory Service were having difficulty in recruiting and training the right calibre of staff. No mention is given however, of the type of staff required, or the desired qualifications. About this time graduates with some experience were recruited. O'Connor stated that advisers' first year in the organisation was in fact considered training, in which they underwent a seven week training manager course, a seven week industrial engineering course and a three week instructor course. By the time the writer joined the organisation in 1979, the industrial engineering course had been dispensed with, and the training manager course had reduced to three weeks and was of poor quality. The industrial engineering and instructor courses were clearly geared towards blue collar activities.

The OECD(1974) study on manpower policy recommended that the Training Advisory Service be built up from a core of really good staff, who would command the respect of industry. This never really happened however, and even at the end of its existence, the Training Advisory Service had very low levels of graduates and other high calibre professionals, particularly at operations level.

In the area of staff development, there were no long term development plans for the advisers, to equip them to deal with the multiplicity of problems which they were likely to encounter. Neither was there any real management training, to prepare the advisers to deal confidently with senior executives of large organisations, multinationals in particular. Pat O'Callaghan former manager Training Advisory Service, stated that the mental attitude of the division accommodated mediocrity, and many advisers were happy to deal only with the training manager, as they were uncomfortable with the chief executive. It is ironic that in the early years, advisers who were recruited because they possessed particular skills were not allowed to use them but were required to stick rigidly to the training brief.

In later years as the financial pressures on the organisation increased, the Training Advisory Service were required to become involved in fee earning assignments. This work took the form of technical, as well as management and supervisory training. Those who were involved in technical training usually had expertise in their respective areas. Many of those in the central assignment unit, which provided management and supervisory type training, had scant preparation for the work they carried out. Despite this an air of arrogance and elitism also developed within the unit.

The Council Of AnCO

AnCO, like other semi-state bodies, had a board or Council appointed by the minister, which oversaw the activities of the organisation were in line with whatever guide-lines and policies were laid down by the minister from time to time. Management reported to

the Council through the Director General. The Council by its decisions also contributed to the early development of the paradigm.

The primary function of the Council was to was to set objectives and monitor the progress made by the chief executive and senior management. The composition of the boards of state sponsored bodies typically reflects business experience, trade union representation and political patronage. If the task of the board is to represent the owner i.e. the public, to ensure the mission is being carried out and that appropriate strategies are being followed, then the selection of board members is crucial. Such directors should be selected for their performance in either decision management or decision control, and not as representatives of special interest groups or political patronage(Gibbons, 1990).

Organisational Structure

Initially AnCO consisted of three sections, one each dealing with the craft and non-craft and the third dealing with the direct training of trainees. By 1973, and after passing through some intermediate stages, AnCO was divided into two divisions Training Advisory Service and Direct Training. As time went on two other divisions were added, firstly a Financial and Administration Division, and later a Personnel Division. Each division was headed by a director and later a position of Deputy Director General was created between the directors and the chief executive. This structure had stabilised by the late 1970s, and apart from the addition of the External Training division in 1981, the structure remained unchanged until the formation of FAS.

The organisational structure was pyramidal, with a hierarchical set of relationships. Each division functioned separately, and the organisation as a whole exhibited classic segmentalist characteristics(Kanter, 1984). Both of the operating divisions, Direct Training and the Training Advisory Service saw themselves as totally separate from each other which led to friction. This friction occurred both at formal, and personal levels, and was accentuated by the fact that many advisers were based in head office and had little contact with the instructors in the training centres. This was less of a problem where advisers were based in the training centres outside Dublin. There was friction too between advisers based in the centres, and the Training Centre Managers, as the advisers did not report to them, but to their own Designation Managers in head office. Some of the friction was also caused by elitist attitudes, on the part of some members of the Training Advisory Service.

By 1970/71 the structure of the Training Advisory Service had developed to the extent that it became a separate entity, consisting of a manager to whom the specialists which headed up each designation reported. The manager in turn reported to the Assistant Director who in turn reported to the Director. The Assistant Director and the Director later became known as the Deputy Director General and Director General respectively.

The advisers reported to the specialists through the senior adviser. By the time AnCO was amalgamated into FAS a bureaucratic management structure existed. At the top was the Director of the Training Advisory Service, to whom reported the two managers of the Training Advisory Service (one of these positions was almost always vacant as Brendan Leahy had been seconded to CERT). Below the managers were four Sector

Managers, who were responsible for the different industry sectors, and to whom reported the Designation Managers. In the case of Construction and Engineering, the Sector Managers were responsible for only one designation. This grade was be completely superfluous to the management structure. The training adviser reported to the Designation Manager. Depending on his personal grade(there were three different grades 8,9 and 10; 10 being the lowest), there could have been as many as seven grades between the ordinary adviser and the director of the division.

A segmentalist structure existed within the Training Advisory Service too. Each designation saw itself as different and tended to go its own way whenever possible. The smaller non-craft designations strongly resented the bureaucratic systems of the two larger craft designations, in particular the engineering designation whose former manager was appointed Director of the Training Advisory Service in 1979, and it appeared for that reason that the systems it developed, were imposed on the other designations.

In essence the AnCO organisation was segmentalist and bureaucratic, and this system was passed down the line to the Training Advisory Service. There were no attempts to design a structure for the organisation, and it evolved over time presumably because the first two Directors General were civil servants, and allowed the evolution of structures compatible with the civil service structures, with which they were familiar. The Training Advisory Service operated as a miniature version of the overall organisation.

Control Systems

The control systems where they existed were formal and bureaucratic. Within the Training Advisory Service, the adviser was responsible for a portfolio of firms which he dealt with as he saw fit. The main reporting system was the company report form, which was filled in, one for each company visited or dealt with in the office during a given week. It was sent to head office and placed in the company file and the data used for statistical purposes. Apart from the statistical data the report forms were never really used for anything, and the system degenerated into a meaningless routine.

Planning systems in the Advisory Service were mainly short term, though there were various five year corporate plans for the AnCO organisation as a whole. It is not known how effective these corporate plans were.

Although the internal practices varied from one designation to another, the adviser usually prepared quarterly and annual objectives, which in later years included travel and subsistence budgets when finance became more constrained.

There was no standardisation of the different grant schemes. Grant Payments from the levy schemes required the signature of the Designation Manager. The Existing Industry Grant schemes which provided grants from the European Social Fund for existing industry had a very formal system which was common to all designations and required a Sector Manager's signature. On the other hand the New Industry Grant Scheme, administered by the IDA was less formal and each designation interpreted the guide-lines to suit itself. The level of authority required for signing off IDA grant payments varied

from the adviser in the Chemical Designation to the Designation or even Sector manager in the Engineering Sector.

Many of the systems within Training Advisory Service originated in the Engineering Designation, and were often bureaucratic, reflecting its size. The smaller designations who favoured a more pragmatic approach resented the imposition of these systems. The Training Managers interviewed for this study, felt that the Training Advisory Service concentrated more on the needs of its own system than on the than on those of the target firms.

The ultimate power over semi-state bodies lies with the minister responsible for the parent department. The Director General was appointed by the Minister for Labour. McManus the first Chief Executive was seconded from the civil service to which he returned after a few years. The second Director General Jack Agnew was also a career civil servant and only finally transferred to AnCO shortly before his retirement. Malachy Sherlock the third CEO held positions within the directorate before this appointment.

The Director General had a free hand within the organisation in relation to appointments etc. McManus left the organisation before it found its feet, and it was Agnew and Sherlock who were responsible for its direction. Agnew's civil service background made him acceptable to the Department of Labour, and the general consensus was that he was adept at handling relations with that department. Sherlock who had a marketing background was more flamboyant, and his relationship with the Department of Labour

was less cordial. However, it was believed within the organisation that he had political influence at the very highest level.

Brendan Leahy points out that policy was driven by the Council of AnCO. It is more probable however, that in later years that most of the policies were generated at directorate level within AnCO and accepted by the council with some modifications. This cannot be verified in the absence of the minutes of council meetings.

The hierarchical structure led to power being concentrated at senior management level. Interviewees were not aware of any power brokers except Agnew, who during his term of office appeared to hold the power himself. During Sherlock's tenure as Director General the Information and Publicity section became very important, with the manager of the section having more power than his rank would have suggested. It appeared to the writer, in common with most staff members, that he had more power than those at directorate level. This was probably due to Sherlock's bias towards giving the organisation a high public profile.

While the Training Advisory Service felt their contact with industry left them in a strong position, the real expansion thrust was in Direct Training and later in External Training. Instructors from the training centres began to encroach on the work area of the adviser, and were visiting firms without their knowledge of advisers, who had responsibility for all contacts between AnCO and individual firms. It required a meeting between Director General and the entire Training Advisory Service to defuse the issue.

Within the Training Advisory Service itself the two larger designation, Construction and Engineering appeared to hold most power. After Ray Byrne who was manager of the Engineering Designation, became Director of the Training Advisory Service procedures initiated in that designation tended to be imposed on other designations.

The loyalties of the advisers were more to their designations than to the Training Advisory Service as a whole. Despite personality conflicts within their sections the Designation Managers had considerable power, due to the loyalty of the staff to their individual designations and as a result were in a position to modify proposed changes. When Kieran O'Donovan became Director of the Training Advisory Service in 1985 he attempted to break the power of the Designation Managers by initiating job rotation, and as a result of this some managers were moved to designations, in which they had no industry background or experience. He later attempted to regionalise the Training Advisory Service and put the individual advisers under a manager in each region. These managers, who were his appointees, would report directly to him thus making the function of Designation Manager redundant.

As AnCO was not a commercial organisation it was dependant on the Departments of Labour and Finance for its financial resources, so the government were in a position to control the activities of AnCO, by controlling its finances. This was apparent in relation to the Training Advisory Service in later years, as the lack of finance put pressure on the service to become more self sufficient, through fee earning activities.

Stories, Myths And Leadership Styles

Stories and myths are a product of an organisation's history, which in the case of AnCO spans the two decades from 1967 to 1987. It was not until 1970 that AnCO really began to function as an organisation in the normal sense, so the organisation had a very short history.

Within AnCO there were no larger than life characters who left their mark on the organisation. The importance of drive and vision, in a chief executive of a semi-state organisation is seen in the way Dr. Tom Walshe built up An Foras Talluntais(Leavy, 1991b). In contrast McManus, the first chief executive left no mark whatsoever. In fact the writer had never heard of him during eleven years in the organisation, and the general belief was that Agnew had been the first chief executive.

Jack Agnew succeeded McManus in late 1970 by which time the core group of the organisation was already in place. The general view of Agnew was that as a career civil servant he was a master at dealing with the Department of Labour and was trusted by them. He did everything 'by the book' as Conlon pointed out, and one of his constant instructions to senior staff was "I want no surprises". This shows that Agnew was never out to challenge the standard public service procedures. He preferred the organisation to keep a low profile, probably in view of the organisations spiralling budget, which was in excess of £67M when he retired in 1982. Agnew is credited with getting funding from Brussels for the setting up of the training centres, while the Vocational Education Committees were at an impasse with their teachers over the training of apprentices.

In 1982 Sherlock became Director General. It was a generally accepted within the organisation that the appointment was highly political, but there was no clear evidence available to substantiate this. Sherlock's marketing background led him to raise the profile of the organisation. There also appeared to have been a direct challenges to the Department of Labour and other organisations such as the IMI. Many staff were dissatisfied with this as it led to scrutiny and attack from the outside. There was also a considerable gulf between the external image of the organisation, and its real capabilities.

Changes at Director level in the Training Advisory Service seemed to have made little change in the service, and interviewees agree that this was because directors simply implemented policy.

Apart from the characters of the various CEOs and Directors and the way in which they operated there were really no significant events which created turning points for the organisation. No individual in the organisation stood out as epitomising what the organisation stood for. Neither were there any strong management styles within the upper echelon of the organisation. On the whole over the twenty years AnCO's management was rather bland.

Rituals, Routines And Symbols

An examination of the symbols, rituals and routines which characterise the different contradictions within an organisation as a whole give, a clue as to how an organisation, which from the outside appears to be a large monolith, is so fragmented internally.

New recruits were indoctrinated with the idea that the function of AnCO was the promotion of training and development within Irish industry. The objectives, after Sherlock became Director General was that AnCO promoted training to the 'highest international standards'. This term became a cant within the organisation. AnCO promoted the concept of systematic training, which addressed the 'skills, knowledge and attitude' of the trainee and this training was to be 'planned, organised and active'.

The training and development of staff was to be carried out by the Staff Training and Development section. Individual training modules varied in quality, and there was no real attempt to provide a comprehensive development programme. Training concentrated more on the technical skills of the job rather than on general skills or attitude. There was little real management training

The principal fault of development courses was that many tutors had neither academic training or practical experience. Many had simply attended courses themselves, and then attempted to give the courses to others. This carelessness in the development of staff, lost a golden opportunity to build up a strong organisational culture. AnCO made the same mistakes in training its own staff for which it criticised other organisations.

Brendan Leahy states, that from the very beginning advisers visiting firms dealt with training matters only, as they were specifically instructed not to become involved with non training matters, even where they were competent to do so. The reason. for this was not connected with the theory or practice of training and development, but as Leahy points out was to avoid conflict with the IMI and other private consultancy groups.

Advisers then had very little to offer firms apart from help with the administration of levy/grant. The belief then grew up in the Training Advisory Service that advisers need not have any background in the industries with which they worked. This was taken to the extreme by Kieran O'Donovan, who believed that any adviser in the central assignment unit, was capable of teaching any course irrespective of content. However, advisers without a background in the particular industry with which they worked, were at a disadvantage, as they did not have real credibility with the firms.

In attempting to provide equal opportunities, AnCO introduced the 'Traineeship' scheme in the Advisory Service. This was a programme, in which people from clerical grades received development, to allow them to work as Training Advisers. The successful candidates were all female staff with no industrial training or experience. Dermot Conlon stated that putting people without industrial experience, in advisory positions, did not help the credibility of the organisation.

It is generally accepted that the only successful way of promoting training and development is by working downwards from top management level. Cruickshnk (1970), a senior member of the Training Advisory Service accepts this principle, but points out that this could not be done, so training would begin at operator level, and would work its way upwards through the different levels within the firms. This created an emphasis on operator training in the minds of both the advisers and the firms, which was very difficult to break. Pat O'Callaghan former Manager of Training Advisory Service stated that this emphasis on operator training suited advisers, who felt uncomfortable dealing with the

chief executive, and were only happy when dealing with the Training Manager, in relation to operator training.

The levy/grant scheme was the raison d'être of the Training Advisory Service, and the identification of training needs(ITN), was the way in which the bureaucracy of the system was satisfied. As time went on the New and Existing Industry Grants Schemes were also introduced. Fee earning assignment work also expanded in later years, as a result of pressure from the Department of Finance, for the Training Advisory Service to become more self financing. As the Training Centres continued to expand, so too did the need to sell their services. Contrary to the belief of many advisers, the Direct Training Service was not set up as a back-up to the Training Advisory Service, but was an initiative in its own right(Brendan Leahy). This misunderstanding was no help to the individual advisers, who were put under pressure to sell the services of the Training Centres to firms.

As was mentioned above, the segmentalist structure of the organisation allowed a lack of cohesion, as each division was quite separate from the others. Within each division different sections saw themselves as separate. In the Training Advisory Service, each section tended where possible, to go its own way. There were no strong symbols or rituals which acted as a unifying force within the service. This separateness, was also helped by the fact that each adviser had his own specific work area, and there was little collaboration between advisers. Very often each designation had its own way of carrying out the same tasks. In reality there was no 'AnCO way' of doing things.

The structure of AnCO as an organisation, was firmly rooted in that of the civil service with its multiple layers of bureaucracy, and multiplicity of sections, each operating in effective isolation. The relationship between most levels of staff in the organisation was on a first name basis, though some directors and senior managers were addressed formally. These formal forms of address were more by individual custom than protocol.

The lack of an accepted AnCO way of doing things, coupled with the fact that risk taking was frowned upon, meant that inactivity was often preferable to innovation. At the same time, anyone who questioned the wisdom or practicality of new initiatives, was labelled as being negative.

Communication and the transfer information down the line was not adequate, so the 'grapevine' became an important alternative, as the way in which staff at lower levels got information on what was happening at the top of the organisation. Some managers jealously guarded information, releasing it only to cronies.

The response to queries from the Department of Labour, was a demand for more statistics, which were produced by staff at lower levels. These were sometimes no more than guess-work, but once written down, became unshakeable fact.

AnCO as organisation had very few symbols or characteristics, which would readily distinguish it from any of the other non-commercial semi-state organisations. There were no symbols or rituals which bound the staff of the organisation together, and which

made them feel different as a group, from all other semi-state organisations, or which declared the absolute importance of their mission.

The Paradigm

The paradigm is really the deeper level of basic assumptions and beliefs, which is held as a core value by members of an organisation, and are taken for granted at a level so deep, that they are unquestioned within the organisation(Johnson, 1992). The paradigm is the product of the different aspects of the cultural web, interacting with each other, to produce the fundamental organisational culture. For the purposes of this study, the AnCO paradigm as it relates to the Training Advisory Service, is being examined as it is probable that there were variants in the other divisions.

The most fundamental belief of the Training Advisory Service was, that the promotion of training and development within Irish industry was its primary function, though most advisers unconsciously realised, it implied that firms would be made more competitive. Nevertheless, this key mission statement meant that training tended to become an end in itself, and the success of AnCO and the Training Advisory Service was measured in terms of numbers trained rather, than the effect of such training.

One of the basic beliefs within many parts of the Training Advisory Service, was that training was a discipline in its own right, and the professional trainer did not need experience of the industry with which he worked. This attempt to separate the training discipline from content, had more to do with avoiding conflict with consultancy organisations, than the theory and practice of training. It was also an attempt to give

credibility to advisers, who had no background in the industries to which they were providing a service.

By its decision to begin with the promotion of operator training, AnCO avoided the thorny problem of convincing managements of the value of training and development at senior levels within firms. Industry began to associate AnCO with operator training, and this idea began to develop within the organisation also. Over time AnCO began to believe itself as expert in all areas of training and development, including management, which in truth was not the case. This was due to the fact that no one seriously questioned AnCO's capabilities or considered it important to do so. The focus of the Training Advisory Service as Personnel Manager of FMC stated was distinctly a blue collared. The success of the concept of systematic training at operator level led to the belief that anyone was trainable, in any skill, provided the training was done systematically.

The absorption into the Training Advisory Service of staff from the old Apprenticeship board, who were almost exclusively from craft backgrounds, as well as the further recruitment of craftsmen and similar types of skills, led to an anti-intellectualism within the Training Advisory Service. Although some graduates were recruited in the 1970s, the overall proportion of graduates in the division, appeared to the writer, to be never more than about twenty five percent.

The public service structure of the organisation did not encourage innovation, and risk taking on the part of the adviser was never encouraged. In the same way it was never

acceptable to challenge the system, and those who did, were usually labelled as being negative and were isolated as the penalty for questioning the paradigm.

There was a contradiction in the role of the adviser, in the sense that while the adviser had the role of a guide and mentor, in the promotion of training and development, there was also an inspectorial role in relation to the monitoring of training carried out and the approval of grant payments. This led to a conflict between the different activities of the adviser. The inspectorial role involved the adviser following the AnCO systems making the client feel that accommodating AnCO's procedures was the prime objective.

As there were really few shared values within the organisation, and a strong organisational culture never manifested itself. Within the Training Advisory Service each Designation tended to work separately. The nature of the work contributed to this as each adviser worked on his own, handling his portfolio of firms as he saw fit. This contributed further to the formation of a weak culture within the Advisory Service, with the loyalty of the adviser being firstly to his own section, and then to the organisation.

Another important aspect of the Training Advisory Service culture was the whole area of travel and subsistence allowances. These payments were tax free, as they were considered as reimbursement for expenses incurred in the performance of work duties. As the salary of the adviser was uncompetitive, in relation to similar positions within industry, these allowances were always an important consideration for the adviser in the field.

The paradigm of the Training Advisory Service, which incorporated most of the AnCO paradigm, as well as some aspects unique to itself, clearly influenced the strategy of the Training Advisory Service in carrying out its mission. The paradigm of the Advisory Service exemplified all the characteristics of a public service organisation, with its insistence on bureaucratic procedures. It stifled innovative tendencies in a sea of mediocrity. It also prevented the division from exploring the full extent of its mission, by accepting activities rather than the achievement of objectives as criteria for success.

6.4.3 Strategy

To understand the development of strategy in the Training Advisory Service it is necessary to go back to the Industrial Training Act 1967, and the various documents on which the act was based. The different reports show that the skills under discussion were primarily of a manual nature. Non-manual skills do not appear to have been part of the brief, though the 1967 Act was framed with sufficient scope to encompass all types of training and development. The 1967 Act was formulated as an enabling act, which would allow changes to be made by executive order without the need to have recourse to the Oireachtas.

The primary aim of AnCO was to promote the systematic training of operatives, so as to prevent skill shortages retarding the rapid industrialisation taking place in mid 1960s. However, the effect of skill shortages in other areas of the economy was not really considered. The functions of AnCO as set out in its early Annual Reports, state that its aims are to ensure that all levels, from management to operative, will receive training to the highest international standards. The value of having workers trained to these

standards is not made clear. It appears that AnCO in the early years, did not see itself as having any other role save that of ensuring there were no major skill shortages.

The Annual Reports of AnCO over the twenty years of its existence, show no attempt to reassess the functions of the organisation, in the light of the changes taking place within Irish industry. Ray Byrne who was Director Of Training Advisory Service from 1979 to 1985 and later Director of Personnel, stated that no assessment was ever carried out either by AnCO itself, or any other organisation, on the effectiveness of the Training Advisory Service.

Analysis Of Strategy

The Mintzberg and Waters(1985) model of intended versus realised strategy, is used to analyse the strategy of the Training Advisory Service. This model has had to be modified however to take account of the effects of the organisational paradigm, organisational learning, strategic drift and quasi political drift (figure 6).

We begin by examining the intended strategy of the of the Advisory Service. The most significant element of the strategy was the levy/grant scheme. Although the scheme itself worked much as intended, it failed to have the desired effect in the longer term. Another part of the intended strategy was that the acceptance of training would filter upwards in firms from operative level, remained unrealised. The realised strategy contained a number of emergent elements such as in-company assignment work and IDA and E.S.F. training grants. The effect of the organisational paradigm is important, as it superimposes itself

on the strategy formulation process, and the way in which it interprets signals from the outer context
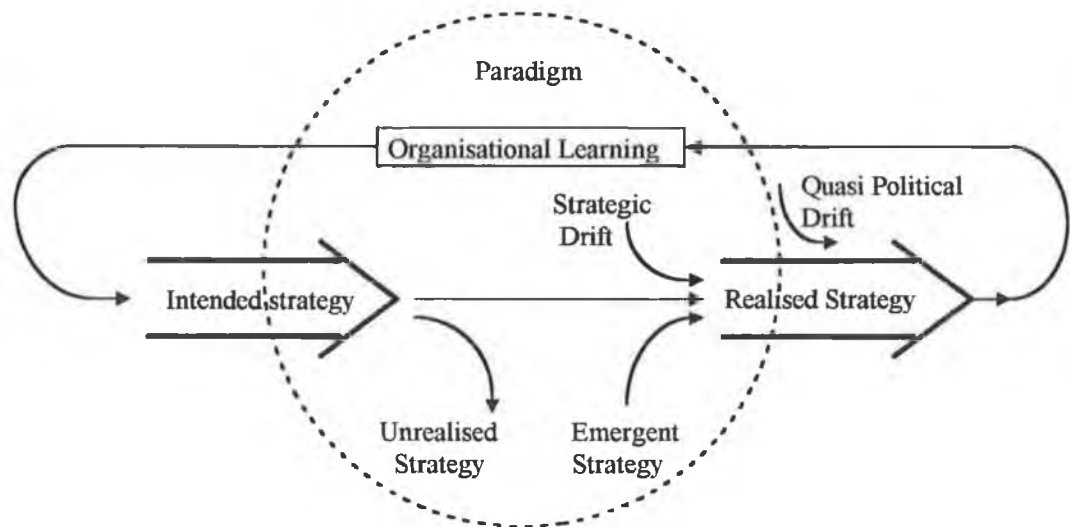
Figure 6. Strategy Analysis adapted fron Mintzberg and Waters, 1985.

affects the development of strategy. The learning ability of organisations affects the incremental nature of strategy development and this learning is also affected by the paradigm. Then there is strategic drift which occurs inside the organisation when the strategy begins to loose contact with the outer context and decreases in effectiveness. Finally there is quasi political drift which occurs when the strategy of an intervening agency is skewed by political expediency while at the same time the 'official' policies of the organisation remain unchanged.

Intended Strategy

At the outset it must be said that the most significant element of the strategy of the Training Advisory Service was the levy/grant scheme. This scheme was copied in its entirety from the British system, and imposed on both AnCO and industry, by the 1967 Act. As industry had no part in the setting up of the scheme, they did not feel any

ownership of it. With respect to the levy/grant scheme the strategy was highly deliberate, in as much as it was imposed on each industry sector by means of a statutory instrument, signed by the Minister for Labour. Individual firms had little choice but to comply with the scheme, at least as far as the payment of levy was concerned. Furthermore, exact compliance with the scheme was required, in order to recoup the monies paid by way of levy. This part of the strategy was realised much as intended, as the bulk of the firms eligible for inclusion in the scheme were operating it, though the levels of enthusiasm varied greatly.

The hoped for result of the strategy, which was not really articulated, was the development of a training infrastructure in the Irish industry. The realisation of this part of the strategy varied greatly from one firm to another. It was expected that an irreversible change would take place. Instead a steady state was reached, whereby the required state was maintained as long as there was an expenditure of energy, but once the pressure was removed the system reverted to its original state, so the long term strategy was never fully realised. The pressure which maintained the steady state was exerted through the levy/grant scheme.

It is the writers experience, further reinforced by interviews with AnCO/FAS staff, that as the pressure to conform to the levy/grant scheme eased off, many firms, even those considered good trainers, reverted to the original poor training practices. In effect, much of the intended strategy, which was implied though never formally articulated, remained unrealised in the longer term.

Emergent Elements Of Strategy

As time went on emergent elements became incorporated into the realised strategy of the Training Advisory Service. The most important of these were the New and Existing Industry Training Grants Schemes and assignment work. These grant schemes became included in the strategy, as the Advisory Service had the necessary expertise to act as training consultants to such organisations as the IDA and SFADCo. In-company training assignments were originally carried out, in order to make good the gaps in the range of services provided by commercial organisations. In both cases the work was seen as an opportunity to spread and reinforce the training philosophy within firms.

The fundamental question relating to the strategy of the Training Advisory Service, is not whether or not the intended strategy was achieved, but whether the realised strategy was the correct one, and whether the emergent components compensated for the inadequacies of the intended strategy.

The greatest flaw in the strategy of the Training Advisory Service was the lack of clearly defined objectives. Neither was there any real mission statement or business philosophy statement, which as Green(1988) points out, are essential parts of business strategy. Over the years, through discussions with colleagues, it became clear to the writer, that there was no clear understanding in the Training Advisory Service, of what it was trying to achieve. Nowhere was it ever precisely spelled out what training and development was supposed to achieve, with the result that it was almost impossible to know whether or not training was successful.

If as Barrows(1979) argues there is no framework which ensures a programme reaches its objectives(in this case there were none to reach), the programme activities become ends/targets in themselves, and the purpose of the programme is defined by the activities. This is precisely what happened with the levy/grant scheme, and such things as the number of Training Managers appointed, the numbers of instructors trained or the numbers of man-days spent on training became the criteria for success. Never was this more apparent than in the rating system, which attempted to put a numerical score on how well the training identified as being required was carried out. The system lacked a qualitative dimension, which would show the appropriateness of the training, and how it contributed to the company's achievement of competitive advantage.

The most important function the Training Advisory Service was not the promotion of training and development per se, but rather being a catalyst for the change required to sustain the competitive advantage of firms. Training and development was the mechanism by which this change would be achieved.

Cruickshnk(1970) pointed out the difficulties facing the Training Advisory Service in attempting to integrate training into the management systems of Irish firms. A 'compromise' was reached, whereby it was decided to begin with the promotion of systematic training at operator level, in the hope that success at this level, might allow the idea of systematic training to diffuse upwards to the highest levels within firms. The unquestionable success in the promotion of operator training, may in fact have sown the seeds of problems in later years, as the hoped for results at successively higher levels did not follow. The early successes helped to develop and reinforce the Training Advisory

Service paradigm, which quickly superimposed itself on the strategy of the Training Advisory Service.

Effect Of The Paradigm On Strategy

The total incorporation of the Apprenticeship Board into AnCO, forming the embryo of the new organisation, meant that an already developed paradigm was being imposed on the new organisation. Furthermore, as the Training Advisory Service developed most of the staff of the Apprenticeship Board were employed in the division, with the result that much of its paradigm was incorporated into that of the Training Advisory Service. This was reinforced further by the recruitment of large numbers of craftsmen into the craft designations in the early years of the Advisory Service.

The paradigm of the Training Advisory Service was very much oriented towards operative and craft type training, and within very few years this concept became central to the organisation's strategy. The lack of any real policy change in the division, once its structure had been stabilised in the early 1970s(AnCO Annual Reports 1967-1987), makes it clear that strategy had become firmly fixed within the Advisory Service with no significant changes over time.

Evaluation Of Strategy

The strategy of the Training Advisory Service had become synonymous with the levy/grant schemes, and apart from slight modifications such as rating, no attempt was made to alter this strategy. It was also hoped that New and Existing Industry Training Grant Schemes would reinforce strategy.

The evolution of organisational strategy has been examined by Boeker(1989), who suggests that organisations are set on a course at founding, from which change may be difficult, and early patterns of the organisation may limit the range of future strategic activities, that the organisation is likely to consider. Kimberley(1979) noted the importance of the founding of an organisation and its development in its early stages, has important consequences for its later development. Early strategies pursued by organisations often make the adoption of other strategies difficult or impossible (Starbuck, 1965). The investment in personnel, capital and other resources can be significant and as a result the ability of an organisation to change is limited (Boeker, 1989). As a result early strategy becomes part of the organisation's paradigm and is incorporated into its core beliefs(Johnson, 1992). The adoption of a particular strategy requires specific skills, as well as investment in facilities and personnel, which may only be marginally useful if an alternative strategy is adopted(Boeker, 1989). The strategy becomes central to managerial life, and the questioning of it, is interpreted as threatening by the political elites within the organisation, who are closely associated with the paradigm, from which the strategy is derived. Hence the label of being negative placed on anyone within the Training Advisory Service who questioned strategy or methods. It is clear how the strategy of the Advisory Service became "traditionalised" (Stinchcombe, 1965) and the successful performance in the early years which was characterised by the systematic training of operatives became deeply embedded in the culture of the Training Advisory Service.

Strategic Drift

Over time the phenomenon of "strategic drift" (Johnson and Scholes, 1988; Johnson, 1992) began to occur, as the strategy of the Training Advisory Service became more and more out of line with the environment in which it was operating. This was not readily perceptible in the results of the levy/grant scheme, as firms were still for the most part carrying out their identification of training needs in compliance with the scheme. However, as far as many firms were concerned, by the early 1980s the scheme was nothing more than a ritual. The system had become bureaucratic and irrelevant as far as industry was concerned. Although the needs of industry were gradually changing over the twenty year period, the strategy of the levy/grant system coupled with the strong position of operator training within the paradigm, with its strong blue collared bias, made a reassessment of the role of the Training Advisory Service next to impossible. No demands were ever made, either by the Training Advisory Service or its clients in industry, for such a reassessment. Added to this the thinking of AnCO did not keep pace with the developments in human resources theory.

Quasi Political Drift

Another emergent aspect of realised strategy is a form of strategic drift, which might be termed "Quasi Political Drift". However, it differs from strategic drift in that it is imposed from outside but does not represent a change in the 'official' policy. This drift is both emergent and incremental in nature, but it may not necessarily be incremental in terms of the organisational strategy as it involves a certain level of political opportunism on the part of government.

The legislation setting up state organisations usually has a broad scope, which allows modifications to be made from time to time. Such modifications can be brought about by executive order of the minister concerned. Changes which result from alterations in government or departmental policy, are often more a question of emphasis or reinterpretation than changes in policy. Each change on its own seems relatively insignificant, the cumulative effect however when taken over a period of years results in a significant change in the overall strategy. The important point is that these changes of strategy take place at the behest of and outside entity, rather than of the organisation's own volition. Such changes are incremental in nature and appear as logical incrementalism(Quinn, 1980) when viewed as part of government/departmental strategy. It must be noted that these changes may often be highly opportunistic in a political sense. A conflict often arises between the strategies required to carry out the 'official' policies of the organisation and those needed to carry out the policies resulting from quasi political drift. These changes are rarely if ever formally articulated and as a result the organisation is left uncertain of its role.

In the case of AnCO this drift process began at least as far back as 1974, when funding from the European social fund became available. As time went on this funding assumed greater and greater importance, as a means of financing the training being carried out by AnCO. Training was seen by the Government as another mechanism by which E.C. funding could be channelled into the economy. As the recession of the early 1980s deepened, and the numbers on the unemployed register increased, efforts were made to increase employment by recourse to large scale training programmes, using both the Direct Training Division and the much expanded External Training Division. Apart from

giving the trainees skills which would make them more employable, the initiative had

further advantages of keeping the numbers on the unemployed register down as AnCO

trainees were not classified as unemployed. Furthermore training made good economic

sense as eligible training was funded from the E.C. at a rate of 55% of total expenditure.

This training was not going to solve the unemployment problem however, as it did not

address the fundamental problem which was a shortage of available jobs.

As the numbers of unemployed continued to increase during the 1980s the role of AnCO

as an agent of change in Irish industry became less important to government, than its role

as a social service organisation, with predictable consequences for the Training Advisory

Service. The most explicit example of quasi political drift came when the Taoiseach C. J.

Haughey instructed AnCO to provide instructors for the 'Jobsearch' programme with the

result that approximately one third of the Advisory Staff were summarily transferred to

this initiative. People from other parts of the organisation with no experience of training,

such as secretaries, canteen cooks and printers were also dragooned into the scheme.

The point is that the promotion of training and development within industry was no

longer seen as being of prime importance, yet there was no change in official policy in

this regard.

By the time AnCO was amalgamated into FAS, though there had been no change in

official policy, the prime function of the organisation had become that of a social service

organisation. At the same time the cost of the Training Advisory Service was increasing,

but as these costs were not eligible for aid from the European Social Fund the

Department of Finance declined to provide increased funding, with the result that the Training Advisory Service was allowed to wither on the vine.

Organisational Learning And Strategy Development

The rate at which organisations learn may become the only sustainable source of competitive advantage, and over the long run superior performance depends on superior learning(Senge, 1990). This learning starts with creative tension, which is the difference between current, reality and the vision of what might be. The energy for change, comes from the vision of what we want to create, juxtaposed with current reality. The picture of what might be, is more important to people than what is. However, it must be remembered that the vision of current reality held by an organisation is seen through the eyes of the paradigm.

Many organisations are motivated to change, only when their problems are bad enough to cause them to change. This situation works for a while, but the change process runs out of steam, as soon as the problems driving the change become less pressing(Senge, 1990). With creative tension however the motivation is intrinsic resulting in permanence in the forces for change.

In a learning organisation, the leader's role requires new skills to build a shared vision, and to bring to the surface, and challenge prevailing mental models(Senge, 1990). This in Johnson's(1992) terms would involve the leader challenging the existing paradigm, and creating a new vision of the future, together with a supporting culture.

How well did AnCO and the Training Advisory Service learn, and how well did it incorporate what it had learned into its strategy? It is important here to understand the role of the Training Advisory Service as an intervening agency. The notion that the function of the Training Advisory Service was the promotion of training and development, helped to blur the view of its wider mission and what it could become. This blurring of vision was common to both staff and clients.

An intervening agency has a dual role. First it must learn for itself and create a vision of the future. Then when it has created for itself a coherent vision of the future, it must then hold the vision up to its clients in a way that produces the "creative tension" (Senge, 1990) within the organisations which is necessary to bring about the desired change. In the case of a state agency this vision must have two dimensions. The first is a vision in national terms which is compatible with government policy but not necessarily constrained by this policy. The second is a vision of where its individual target organisation should be.

For the change process to be successful, the vision must be incorporated into the paradigm of the target organisation, otherwise any change will be reversible. The failure on the part of the Training Advisory Service to have ideas incorporated into the paradigms of its target organisations, is shown by the fact that the commitment to training evaporated when the pressure to train eased.

The initial success of the Training Advisory Service resulted from the fear that skill shortages at operative level might affect industrial expansion. The Training Advisory

Service, failed to use the goodwill generated, to get other changes accepted. The reason

for this was the Training Advisory Service was itself was motivated by the fear of skill

shortages, rather than by the vision of what Irish industry might be. The critical flaw in

the Training Advisory Service strategy, was its failure to be a learning organisation with

a clear vision of the future, which would be readily accepted by Irish industry. Part of

this problem may have been caused by the failure to use the Research and Planning

Section as it should have been used, to scan the horizon for new management theories

and ideas, which would help to create a better vision of the future. There was also an

intellectual arrogance within AnCO, as the organisation believed it knew all that it

needed to know about training and development. This resulted from the failure to keep

close contact with advances in the human resources field.

The organisational structure of AnCO was not suited to being a learning organisation,

and as its paradigm was very close to that of a civil service type organisation, whose

most dominant characteristic is permanence rather than change and innovation.

To be fair to the Training Advisory Service it was attempting to work as part of a

complex system, the dynamics of which even today, are only incompletely understood.

As well as this, few if any of those involved in the different parts of this system ,which

was made up of Government AnCO and industry were able to see the system in its

entirety, let alone understand the complex processes which were taking place.

Mintzberg(1987) has argued that overall strategy is less a rational plan arrived at in the

abstract, and implemented throughout the organisation, than an "emergent

phenomenon". Successful organisations "craft strategy" as they continually learn about shifting business and social conditions, and balance what is desired with what is possible. For as Green(1988) argues, the most brilliant strategy is worse than useless if it cannot be implemented because it is socially unacceptable. This process of making strategy acceptable must involve organisational learning.

6.5 CHANGE PROCESS IN THE TRAINING ADVISORY SERVICE

6.5.1 Study Of Process

The study of the Training Advisory Service, gives us insight into the dynamics of the process by which a state agency with an intervening role, brings about change based on government policy, in third party organisations. An examination of the process highlights the pitfalls in the process itself, as well as its often roundabout nature. The Training Advisory Service gives us an opportunity to study the evolution of the intervention process on a longitudinal basis, through its initiation, action and termination sequences. The termination sequence occurs, when the process has either been completed satisfactorily, or when it is decided that the process is no longer effective in achieving its objectives, or the objectives themselves are no longer appropriate. The study allows us to see how the different levels of the process are connected through economic, political and cultural linkages.

In the case of the Advisory Service, we see how the national policy makers, driven by the fear that skill shortages might be an impediment to the economic upswing of the 1960s, put in place a process for the prevention of skill shortages in the longer term. They were moved by strong economic and political rationalities to initiate the process. However,

little thought was given to the process linkages, by which strategic intent at government level, would bring about change at the level of the individual firm, or what form this change might take. It was assumed that the process was highly mechanistic. Such a process is fraught with difficulty as in a democratic society governments attempt where possible to avoid the use of authoritative mechanisms to bring about change.

6.5.2 Initiation Of The Process

The first formal step in the initiation process began with the White Paper on Manpower Policy, which recommended the establishment of an industrial training authority, whose objective would be the prevention of skill shortages. The Report of the Interdepartmental Committee on the Administrative Arrangements on Manpower Policy(1965) had already recommended the introduction of a levy/grant scheme similar to that already in operation in Britain.

The levy/grant scheme was introduced on a phased basis from 1970 onwards, as the different industry sectors were designated. The objective of the scheme was the promotion of training and development. AnCO sought "to improve the training performance of firms through persuading management of the value of training"(AnCO Pocket Diary 1979). The focus was on the carrying out of training, and not on the strategic changes which might be brought about within the firms through training.

In the initial stages the forces for change in the form of the Advisory Service were met by forces for continuity, both as individual firms and different industry associations. One reason for the opposition was cultural in that many firms, indigenous ones in particular

did not see the value of formalised and systematic, training and development. Another reason was the unilateral decision by government to impose the levy/grant scheme without any real consultation with industry. As a result industry saw the levy as another form of tax, with the Training Advisory Service cast in the role of revenue collector.

The initial intention was to use the levy/grant scheme as a means of creating a training infrastructure within Irish industry. It was hoped that within a very short period the value of training would be accepted within industry, and the scheme could be dispensed with in favour of a netting process whereby firms simply paid the retained portion of the levy to AnCO to cover the administrative costs of the Training Advisory Service. When the fears of skill shortages receded the possibility of developing a training infrastructure disappeared as the need for a comprehensive system of training was never really taken aboard by industry.

6.5.3 Implementation Of The Process

The momentum for change begun at government level was extended down to industry and firm levels. This did not take the form of a simple downward cascade through each industry and down to the individual firms. The promotion of training began at operator level in individual firms, in the hope that as the result of success at operative level, ideas on systematic training would diffuse upwards in the individual firms, and from there to entire industry sectors.

The Advisory Service failed to target the key opinion leaders within industry, with the result that organisations like the Confederation of Irish Industry were never really

convinced of the value of the levy/grant scheme in particular, and the overall idea of a training advisory service. The wider process of getting training and development accepted at a cultural level was never really addressed, even in the later years, when the cultural nature of training and development began to be explored in the management literature. The legitimation process, focused on a skilled work-force as an end in itself, and the real benefits in the form of competitive advantage was never really pushed home.

The most effective part of the process was the promotion of training at operative level. The nature of this type of training was such, that the benefits were quickly noticed and in a relatively short, time the systematic training of operators using trained instructors became widely accepted. Success at this level was a mixed blessing. Firstly, it caused AnCO to become synonymous with operator training. As well as this, early successes caused the Advisory Service to think that training at higher levels within firms, could be accomplished by the same method. This method may have had some success with process specific skills, but was totally ineffective in as a means of promoting innovative behaviour.

6.5.4 Management Of The Process

While firms accepted the need for higher levels of process specific skills, there was not the same acceptance of the need for the higher skills required for the management of change. Part of the reason for this was, the full impact of technological change did not hit Irish industry until a number of years after the formation of AnCO. Many firms particularly indigenous ones were still attempting to stay competitive using the traditional methods of productivity and cost cutting.

Once AnCO had been formed government failed to take responsibility for its policy development. The Department of Labour, which had just been established and had responsibility for AnCO, gave no guidance by way of policy. The early development of the Training Advisory Service was a relatively low key operation, and it was not until 1972 that all manufacturing industry had been designated. During this period AnCO had become unofficially known as the 'new apprenticeship board'. During the period too considerable change had taken place in the Irish economy, and the beginnings of recession were appearing, in place of the economic boom, which prompted the formation of AnCO.

During the early years of its operation the Training Advisory Service was under the management of Jerry O'Connor. Interviewees who had known him pointed out that he had a vision of what the Advisory Service was attempting to achieve. His successors did not seem to have an overall vision for the Advisory Service. It is clear that senior management within the Advisory Service, did not did not understand the mission or the process being undertaken, with the result that the division drifted for over ten years without any real guidance. During this time, other functions such as grants administration and fee earning assignment work were added to the brief of the division, which helped to further cloud its primary role. As time went on the levy/grant scheme degenerated into a meaningless routine and the advisers became more involved in other activities such as grant administration and assignment work in an attempt to make a more meaningful contribution.

6.5.5 The Effect Of The Paradigm On The Process

The Training Advisory Service believed that its main function was the promotion of training and development. As a result it focused on the area of training promotion, on the assumption that once staff were trained, the dividends would automatically follow. Advisers were unaware however, that results are achieved only when the organisational culture empowered those who had been trained, to make use of the training they had received. This was particularly true where innovative behaviour was required.

The belief at management level in the Advisory Service, that training and development was a discipline in its own right, and need not be directly linked to the particular industry lead to inappropriate staff being appointed to advisory positions. This in turn led to credibility problems for the Advisory Service. The high levels of craft and first-line supervisory personnel recruited in the early phases led to a distinctly blue collar bias which set the focus of the process at operative level.

The public service culture in the AnCO organisation produced an environment which accommodated mediocrity, and where innovation and risk taking were frowned upon. Added to this the structure of the Advisory Service became more and bureaucratic, by the addition of intermediate layers of management as time went on. This made it more and more difficult for the process to change direction, to meet the changing needs of industry.

6.6 SUMMARY

The main aim of this study has been to capture the activity of the Training Advisory service as holistically as possible. In order to understand strategic change it is necessary to understand its three dimensions namely context, content and process. Strategic change is a continuous process which occurs in given contexts(Pettigrew, 1985). The difficulty in understanding the change process lies in the fact that strategy does not move forward in a linear way, or through easily identifiable sequential phases(Pettigrew and Whipp, 1991). For simplicity of analysis the three dimensions of strategic change mentioned above are separated, but in reality they are closely interconnected.

In the case of the Training Advisory Service the outer context consisted of three elements, economic development, developments in human resources management, and government policy. The state of Irish industrial development in the 1960s, gave rise to the need for an organisation such as AnCO, which had a specialised division devoted to the promotion of training and development. However, over the twenty years of the organisations existence considerable changes took place in both the economy and the profile of industry. While this was happening changes were also taking place in human resources theory and practice. During this time however no change took place in government policy in the manpower area. On the other hand, social and economic policies did affect the operation of AnCO in as much as the recession, coupled with the availability of money from the European Social fund moved AnCO very much into the social services area.

The initial content of the change process, focused on the prevention of skill shortages, in a period when Irish industry was experiencing a boom. The change content focused on the avoidance of negative effects. By the time the Advisory Service was fully operational, the country was heading into recession, but the change content still maintained the same negative focus. The concept of competitive advantage, which was introduced around the beginning of the 1980s demonstrates how a positive focus on training and development, can be a source of competitive advantage both to individual firms and the nation as a whole, yet this concept was never taken on board by AnCO. From the late 1970s the Advisory Service took on more and more grant administration and fee earning assignment work, this increased the workload but did not contribute to the development of the content of change.

Part of the reason for the failure to develop the content further, is to be found in the paradigm of the Training Advisory Service. The paradigm developed in the era when the content of change was distinctly in the area of skill shortage prevention. The key objective of the division was the promotion of training and development, and the assessment of its effectiveness was closely centred around its activities, rather than the achievement of longer term objectives. The initial staffing of the Advisory Service, along with its early success in the area of operator training, gave it a distinctly blue collared bias. The segmentalist structure derived from the civil service made further development of the paradigm difficult.

The strategy of the change process was to use the levy/grant scheme as a means of promotion training and development. This strategy was based on the premise that the

levy would force firms to take training seriously, and this would in turn result in the development of a training infrastructure. It was not realised at this time, that the performance of firms was related to the pressure applied by the training adviser. When the scheme got stale, and the pressure from the adviser eased of due to various other work commitments, the process began to reverse itself. At the same time the recession began to bite harder and the numbers of unemployed increased and so AnCO began to focus its activities more and more on the unemployed. At no time over the period of its existence, did the Advisory Service take on the role of a learning organisation on behalf of industry.

The study of the change process undertaken by the Advisory Service, allows us to highlight the pitfalls in the promotion of specific ideas, by an intervening agency on behalf of the government. It allows us to see how the process is initiated, how it proceeds and under what circumstances it may terminate. We see the importance of having the correct strategy for an organisation, and how strategy must evolve if the organisation is to continue to be successful. The correct strategy is of no value, unless the political and cultural dimensions are correctly harnessed, so as to legitimate the process. To be successful, the process must be managed by someone with vision, who must frequently reassess the process in the light of the evolving context. Finally the organisation must be structured in such a way that staff are fully empowered to carry out the process.

CHAPTER VII

CONCLUSIONS

7.1 INTRODUCTION

This study has attempted to account for the rise and decline of the AnCO, Training

Advisory Service, and why it failed to bring about an irreversible change in attitude, on

the part of firms, towards training and development. The Advisory Service was an

expensive mechanism for state intervention on the labour market, and yet it failed to have

the desired effect over the longer term.

At a more generic level, the study examines the role of those state agencies which have

an intervening function, and how strategic intent at government level, is transmitted

through the different levels of social structure. The study pays particular attention to

those barriers which inhibit or prevent the transmission of strategic intent.

The study traces the operation of the AnCO, Training Advisory Service, from its very

beginnings to the formation of FAS - The Training and Employment Authority, shortly

after which the Advisory Service was dismantled. Evidence for the poor success levels of

the training initiative are fairly conclusive, and come from a wide range of sources.

The idea of an active manpower policy as a tool of economic development was promoted

by the OECD in the 1960s. It was it was seen as a means of smoothing the effects of the

variations in the business cycle. AnCO was set up in 1967 as an instrument of manpower policy, to ensure that economic development was not compromised because of skill shortages.

At the beginning of this research it was thought, that there were strong mechanistic linkages between strategic intent at government level, and behaviour at the level of the firm, and that the failure of the Advisory Service could be explained in these terms. After considerable study it was discovered that these mechanistic linkages did not exist, and in any case were not appropriate in a democratic society. It was then necessary to find an alternative means of understanding the process, by which the government through AnCO, promoted training and development within industry. The early work of the study showed, that the methods of manpower planning used at firm level, were not effective at national level, and that other political and cultural rationalities had also to be taken into account.

In order to understand the true nature of the problem, which was responsible for the poor level of success of the Training Advisory Service, a wide range of literature was consulted, which led in turn to two preliminary surveys. These surveys covered the areas such as technological forecasting, manpower planning, strategic planning and human resources planning, as well as the business and training objectives of a selection of firms. Evidence from these surveys showed, that the failure of these firms to make training a key part of their management function, did not result from inability to identify training needs, or a total apathy towards AnCO, though this latter may have also been present, but to the failure on the part of AnCO to convince firms that competitive advantage

could be achieved through training and development. While the results of these early surveys are not reported in this study, they do however show that the training Advisory Service was involved in a strategic change process.

7.1.1 Reconceptualisation Of Problem

Once the problem had been reconceptualised, as one of management of strategic change, the study was brought into the main stream of strategic change literature. The contextualist approach to change, as developed by Pettigrew and his colleagues at the Warwick Business School, provided a suitable framework for the study, particularly as it had been shown by Leavy(1991a) to be capable of dealing with a multi-level process. The Pettigrew(1985;1990) context-process-content meta-framework provided the broad conceptual framework for the study. The study of the different elements in the meta-framework required the use of a wide spectrum of literature to understand the changes which were taking place.

The study of the outer context involved the economic, social and cultural environment in which the Advisory Service was formed, and how this evolved over the years of its existence. The inner context, the content of change and the process of change are closely linked and cannot easily be separated for the purposes of study. A rich descriptive analysis provides the best means of studying this complex area.

The outer context was analysed by looking at the economic development prior, to and during the lifetime of the Advisory Service. Over that period, there was considerable change on the perspective on human resources management, and this is also taken into

account. Finally the effect of government policy must also be considered. The inner context consists of a number of diverse cultural elements which are rationalised in the form of the organisation paradigm(Johnson, 1992). The strategy which is part of the inner context, and is a logical progression from the paradigm, is studied using the Mintzberg and Waters(1985) concepts of deliberate and emergent strategy, and Senge's(1990) work on organisational learning. The content of change is then studied to see the change which actually took place. Finally, when we are clear on both the context and content of change we are in a position to deduce the process by which the change took place.

7.1.2 Nature Of The Study

The study of the Training Advisory Service provides a unique opportunity to examine a multi level change process, which took place over a period of almost twenty years. The process involves three levels of rationality, with the ideas for change moving downwards through the levels.

On the topmost level were the government who were the initiators of the change process. The middle level consisted of AnCO of which the Training Advisory Service was part. The Advisory Service was the change agent, whose function was to implement the change process. Finally at the lowest level were the individual firms in whom the change was to be brought about.

There are two dimensions to the study. Firstly there is the change process which is generally referred to as the promotion of training ad development. The second dimension

is the study of the Advisory Service itself. These two dimensions are highly interconnected, and it is difficult to differentiate between the study of the agency and the implementation of the process. This difficulty is resolved, if we see the study as being that of an agency implementing a process. If we now expand the idea of the process from being 'the promotion of training and development' to the' promotion of effective training and development' we can look at how and when training is effective. This changes training and development, from being an end in itself, to being a means to an end. This end is the achievement of competitive advantage, which when explained to industry could not possibly be ignored. This subtle change in emphasis contained the kernel of the difficulty faced by the Advisory Service.

7.1.3 Critique Of The Study

The manpower planning metaphor, was unable to provide an explanation why after seventeen years of effort and an expenditure of £127m, the Training Advisory Service failed to produce an irreversible change in the attitude of industry, towards training and development.

It became clear after preliminary work, that the Training Advisory Service were involved in a process of bringing about strategic change, within the individual firms of Irish industry. It was also evident that no single theory of change was capable of explaining the process taking place. This process was further complicated by the Government-AnCO-Industry relationship. The context-content-process meta-framework(Pettigrew, 1985; 1990) provided an overall structure for the study but did not itself provide a means of analysing the multifaceted problem.

The focus of the study was an organisation implementing a process. But it was not possible to fit the study under a single theory of change. The problem for analysis had aspects related to organisational culture and structure, organisational strategy, strategic learning and much more. This was further complicated by the fact that the process straddled multiple levels of social structure.

An approach similar to that used in the chemical analysis of a complex molecule, proved effective in dealing with this almost intractable problem. This allowed appropriate analytical techniques to be brought to bear on different aspects of the problem, and provided the opportunity to look at each individual aspect of the problem in isolation, after which all the parts were reintegrated into a single entity. For example we use the Mintzberg and Waters(1985) concept of deliberate and emergent strategy to understand the strategy of the Advisory Service, and we then use the overall framework to explain how and why this strategy developed.

This research provides us with a better understanding of not only what the Training Advisory Service was attempting to do, but also what it should have been doing. It shows us clearly that the promotion of training and development is not an end in itself but a means to an end, namely, the achievement of competitive advantage through a differentiated factor of production. At a more generic level it provides us with an understanding of the specific role and functions of an intervening agency, which must carry out its role with little statutory back-up. This topic to the writers knowledge has never been addressed in the public administration literature in these islands.
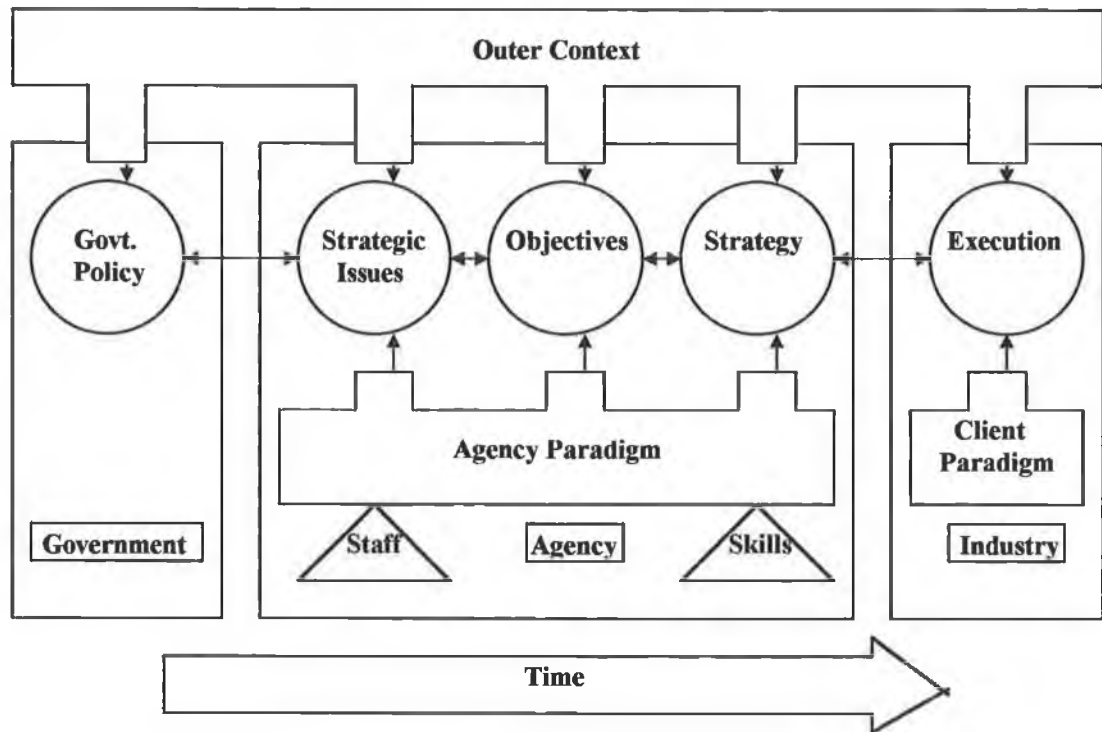
Figure 7. Analytical framework for an intervening agency

From a more practical point of view the analytical framework set out in figure 7 which was developed during this research, provides a model for the study of organisations which must function as an intermediary between the change initiators and the organisations targeted for change.

The analytical framework identifies the different factors and their interactions which must be taken into account in order to analyse the functioning of an intervening agency. This framework provides more than just a snapshot of an organisation; it allows the study of the development of the process over time.

The outer context is common to all actors in the process, though its effects on each actor may be different. The process is usually initiated by government in response to pressure

from the outer context. These initiatives are usually in the form of government policy, which deals with the broader political issues. It is usually the responsibility of the change agent to identify the strategic issues from the broader government policy, and from these develop functional objectives as well as the strategy for their implementation.

The way in which the intervention process takes place is constrained by the outer context and the organisation's paradigm. The paradigm of the target organisation is also important as it dictates the receptiveness of that organisation to the change process. The nature of the agency paradigm is highly dependant on the calibre of staff recruited into the organisation as well as their backgrounds. This will determine how the strategic issues are converted into objectives to be achieved, and how the strategy by which the process to be carried out is developed.

The final stage is the execution of the process. The execution stage depends both on the strategy of the agency and the attitude of the target organisation. The writer believes, that the change process has a greater probability of success, when there is a high level of correlation between the paradigm of the intervening agency, and that of the target organisation, in those areas related to the change process. It is the writers experience that levels of success were greatest where the views of firms on training and development were most closely aligned to those of the Training Advisory Service.

The single biggest difficulty in relation to the study was the formulation of the research question, as the problem was a multifaceted one. This difficulty was resolved when it was determined that what was being studied, was an organisation implementing a change

process. The difficulty arose in the first instance from the confusion caused by the focus of the study alternating between the organisation and the process resulting in multiple perspectives.

7.2 STRUCTURE, PARADIGM AND STRATEGY OF THE TRAINING ADVISORY SERVICE

7.2.1 Structure

Writers on strategic change agree that the structure and culture of an organisation play a crucial role in the process of strategic change, and the forces which they marshal, can enable or impede the impetus for change.

AnCO was pyramidal in structure, and both hierarchical and segmentalist in nature, which was not conducive to the development of the type of culture which encourages change and innovation. The structure of AnCO was that of a typical semi-state organisation. No attempt was ever made to customise the structure to suit the objectives of the organisation. This is due firstly to the conservative nature of state organisations, which are patterned on civil service structures which are designed for continuity rather than innovation and change. Secondly the connection between structure and successful strategy, had not been clearly established when AnCO was formed.

The expansion of AnCO as an organisation followed the blueprint for semi-state organisations. As new divisions were added they became microcosms of the organisation

as a whole. The segmentalist nature of the organisation allowed scope for empire building at both divisional and section level.

Because of the segmentalist nature of the organisation's structure staff loyalties were more to individual sections than to AnCO as a whole. This increased the segmentalism and prevented the development of a strong organisational culture.

7.2.2 Paradigm

Over the years the paradigm of the Training Advisory Service developed as an amalgam of the various rituals and beliefs in the division. The most taken for granted aspect of the division, was that its function was the promotion of training and development. This became incorporated into the paradigm, with no attempt over the years to clarify what this meant, or what objectives it was seeking to achieve. This was helped by the belief that training and development was a discipline in its own right, and that the person responsible for its promotion need not have a background in the industry with which he or she was dealing.

Both the initial studies which led to the formation of AnCO, and its preoccupation in the early days, with operator and craft training, caused the outlook of the Training Advisory Service to be distinctly blue collared. This blue collar focus became a strong feature of the paradigm as most of the original staff were drawn from the old Apprenticeship Board, which was absorbed directly into AnCO. The recruitment of large numbers of craftsmen into the engineering and construction designations, as well as first line supervisors into some other designations, led to an anti-intellectualism within the service.

This was reinforce in the total organisation by the large numbers of craft instructors in the Direct Training division.

A certain element of role conflict also existed for the adviser, as it appeared he had two separate functions. The first function was to help the company through the promotion of training and development, while at the same time he had an almost separate inspectorial role, which ensured that the company conformed to the requirements of the levy/grant scheme.

Each organisation has its own paradigm, which creates a relatively homogeneous approach to the interpretation of the complexity the organisation faces. The paradigm develops and evolves, over the life of the organisation, as a result of its interaction with its external context. The conditions under which an organisation is founded have important consequences for its later life(Kimberly, 1979), and by implication the development of its paradigm.

This study identifies the elements which contributed to the formation of the Advisory Service paradigm, and their origins. Once an organisation comes into being a proto-paradigm begins to form, with each of the early members contributing elements of paradigms, from other organisations, of which they have been members. This is analogous way that genetic information is passed on in organisms. The different actors and events in the formation process contribute 'genes' to the proto-paradigm, which becomes a sort of organisational DNA, and gives the embryonic organisation its characteristics. This 'organisational genetics' is dealt with though not in biological terms

by Crozier(1964) who examines the effects on bureaucracy, of the cultural materials members bring to organisations.

By studying the proto-paradigm of AnCO, we can trace these different contributions. Firstly, the concentration on operator training came directly from the two inter-departmental committee reports mentioned above, which set the main focus of the organisation. The adherence to civil service type structures, was brought about by the fact that AnCO was set up as a semi-state organisation, and also because the first two chief executives were themselves civil servants. The absorption of the old Apprenticeship Board in its totality into the organisation, brought with it a blue collar focus as well a certain anti-intellectualism.

The organisational genes in the proto-paradigm, have significant consequences for the development of the initial and long term strategy of an organisation. While population ecologists like Hannan and Freeman(1977) rightly point out that only populations of organisations can evolve, never the less, individual organisations can and do adapt to their environments, at least to some extent. Whatever adaptation takes place on the part of organisations, is done at the level of the paradigm, through which the perceived pressures from the organisation's outer context are focused. Organisations adapt to perceived rather than actual pressures, which implies that if the paradigm does not give a clear view of reality, then the adaptation process will be out of line with the outer context, and will ultimately lead to strategic drift.

7.2.3 Strategy

In relation to AnCO's strategy for the Training Advisory Service, there were no clear corporate objectives, against which the success of the initial strategy could be measured. It would have been much better if objectives were clearly stated. The main plank of the strategy was the levy/grant scheme, borrowed directly from the United Kingdom, as it seemed like a good idea, and introduced unilaterally without any consultation with industry.

The training grants, whether from levy or other sources, did not promote the concept of training in as much as it did not really help to get training and development incorporated into the firms' paradigms. Grants were simply seen as a source of funding for training carried, out rather than an incentive to incorporate training into the management function. The net result was that the Training Advisory Service was seen to be imposing a solution to a problem which industry did not then, and even now, do not see to exist.

The strategy took the line of least resistance by the introduction of systematic training at operative level, in the hope that there would be an upward diffusion of ideas. This strategy avoided confronting the difficulty of convincing senior management within firms of the value of systematic training at all levels. This resulted in a narrowness of strategy which avoided having to confront the paradigms within the firms.

It is also true that in the early years, the bulk of advisers were not equipped to deal with training above operative or perhaps supervisory level. Ironically the initial success, in the

promotion of operator training, worked to AnCO's disadvantage as the Training Advisory Service became synonymous with operator training.

The original strategy of the Training Advisory Service as well as its initial staffing from the Apprenticeship Board helped to create the proto-paradigm in the collective mind of the organisation, which was blue collared in outlook and which made radical reform of the Training Advisory Service virtually impossible.

Emergent elements of strategy such as IDA and E.S.F training grants as well as in-company assignments while dealing with training and development drew the focus more and more away from direct confrontation with the paradigms of firms. Advisers turned to these areas in an attempt to make a meaningful contribution as the levy/grant scheme had failed to make the critical breakthrough.

Quasi political drift also caused a divergence between the realised strategy, which had an emergent component caused by political opportunism, and the intended strategy which was still part of 'official' organisation policy.

7.3 THE ROLE OF THE INTERVENING AGENCY

The intervening agency, in the state context, is an intermediary in the implementation of government policy. At present there is nothing in the public administration literature in these islands, which deals either specifically or obliquely with the role of such organisations. Within the Irish context there is a broad spectrum of agencies, which have

intervening roles to a greater or lesser extent. Some agencies have statutory powers which may help them in the achievement of their objectives.

In relation to the AnCO, Training Advisory Service, as long as a company paid its levy, it was complying with its statutory requirements, and as such AnCO had no means to coerce it, other than by refusing a refund from the scheme. This however, was unlikely to bring about a positive change in attitude on the part of companies, towards training and development. The primary role of the Training Advisory Service was one of persuading companies of the value of training and development.

The function of an intervening agency is to bring about desired changes in the target organisation, which are in line with the agency's objectives. In the case of a state agency, the objectives are those of central government. It is imperative that the government be clear on the objectives it wishes to achieve, and the reasons for them. If there is lack of clarity of objectives, and the means of achieving, them it is most unlikely that any initiative will be successful.

The role of the intervening agency is essentially that of a change agent, so it must position itself within the system, so as to take maximum advantages of the forces it controls. The agency is responsible to the government, which ultimately decides policy. While the agency may have input into the policy formulation, its responsibility is policy implementation rather than formulation. This does not however preclude the agency from being innovative in the way in which it implements policy.

An intervening agency must understand the objectives it is attempting to achieve, and the changes it is attempting to bring about, so that its activities do not become objectives in themselves. The structure and culture of an intervening agency must facilitate innovation within itself. This is important, as an organisation which is not capable of initiating innovative processes within itself, will not be capable of doing so within its target organisations. Innovation depends on knowledge, so it is necessary that an agency be aware of the most up to date theories and practices, and be capable of implementing them with its target organisations.

For change to be successful and effective it must be irreversible. This means that when change has taken place in a target organisation, the likelihood of it returning to its original state must be negligible; otherwise in the absence of legal imperatives, when the pressure which brought the change about is lessened, it may revert to the original state.

An effective intervening agency has two separate though interconnected functions. Its first function is to be a learning organisation on behalf of its target group. This requires the agency to be in a permanent state of creative tension(Senge, 1990), where the vision of what might be, is continually running ahead of current reality. This vision of what might be, can only come from innovative behaviour. Innovation in this case is primarily the generation, refinement and acceptance of new ideas as well as bringing new problem solving ideas into use. An organisation requires security and confidence in itself in order to be innovative and security and confidence comes from organisational culture rather than structure.

For the agency to be successful there must also be a mechanism to feed back what it has learned to government, who will then have the option of updating policy, in the light of what has been learned. Failure to update policy will ultimately lead to the stagnation of the agency, as government policy becomes out of step with the external environment.

The second stage of the intervening process is the production of the natural energy to change, in the target organisation, through the initiation of creative tension. This is done by holding up to the target organisation a picture of what might be, which is more important to it than what is(Senge, 1992). Senge also points out that creative tension cannot be generated from vision alone, it needs an accurate picture of current reality as well. When a vision of what we want to create, is juxtaposed with current reality, creative tension is produced which drives the change process. This type of change is more likely to be irreversible, as organisations are unlikely to want to return voluntarily to the initial state, when the difference between the two states is made clearly visible.

An intervening agency seeking to bring about change, is acting partly as a surrogate leader, who helps to restructure the target organisation's view of reality. This means becoming involved in the debate within the target organisation about ideas and rationalities, as well as surfacing and challenging mental models. Mechanisms are then used to legitimate the vision being held up to the target organisation, while at the same time attempts are made to delegitimate the opposing ideas. Pettigrew et al.(1988) point out that the only way to bring about lasting change, is to foster the ability to deal with new situations, by influencing the conditions that determine the interpretation of situations, and the regulation of ideas.

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This change must take place at the level of the paradigm (Johnson, 1992), which

operates at an unconscious level, and defines in a taken for granted fashion, the target

organisation's view of itself and its environment. In order to challenge the paradigm it

must first be brought to the surface, and in doing this the cultural rationalities of the

target organisation are challenged. However, it is not sufficient for the intervening

agency simply to challenge the cultural rationalities, it must mobilise the inner and outer

contexts in a way which creates a new version of reality, which legitimates the change it

is attempting to promote. For the change process to be successful and irreversible, the

intervention must lead to a reconfiguration of the target organisation's paradigm.

7.4 IMPLICATIONS FOR PRACTICE

7.4.1 Training And Development

Under present government policies there appears to be little emphasis on the promotion

of training and development within Irish industry. Since the formation of FAS the

Training Advisory Service has become the Services to Industry Division, with a

reduction of approximately 75% of staff. All that remains of the old levy/grant scheme is

a levy equivalent to the retained portion of the old levy for which industry receives no

service The staff of Services to industry are far more involved with social type schemes,

such as the Job Training Scheme, than with the promotion of training and development.

Should the government again decide to promote training and development, to arrest a

decline in industrial skills, similar to that which occurred in the United Kingdom after the

abolition of the Industrial Training Boards, more imaginative measures will need to be taken. It will have to be clearly understand, that training and development is a means to an end, and what that end is. It is the achievement of competitive advantage, based on a differentiated factor of production(Roche and Tansey, 1992).

Should the government attempt to achieve national competitive advantage, through the enhancement of skills, the initiative should focus on the skills required for the handling of change. These skills are essential for the survival of any firm, in an industrial environment where the only certainty, is rapidly accelerating change.

7.4.2 Government Policy For An Intervening Agency

When a government decides to set up an intervening agency, it must be as a result of clear and unambiguous policy. The government or relevant department must at all times retain control over the policy development function, but must be receptive to changes in the outer context, which would necessitate changes in policy. The policy should be translated into clear and practical objectives, whose achievement is measurable. While it is acceptable that the executive agency should have an input into the policy development process, the responsibility for policy should remain firmly with the relevant department. On no account should the agency be allowed to drift without proper departmental control in areas of policy. The government policy for the agency should be assessed on a regular basis, and in the light of the developing outer context.

7.4.3 Establishment Of An Intervening Agency

Objectives And Role Definition

We have seen from the study of the AnCO, Training Advisory Service, that an intervening agency has a difficult role to perform, so it is essential that the conditions under which it operates are conducive to success. Because the agency has the function of promoting the ideas for change within its target organisations, it follows that it must be clear in its own mind what it is trying to achieve. This requires the preparation of clear objectives whose achievement can be measured. Such objectives must relate to the overall philosophy of the organisation. Care must be taken to avoid the possibility of the activities of the organisation being mistaken for objectives.

Role conflict is a significant barrier to the success of an intervening agency, as the AnCO experience has shown. An intervening agency should be an independent organisation in its own right, and not part of a larger one, otherwise there is danger that the intervening function of the agency, may become insignificant in relation to the overall activities. An intervening agency should have only a single role; that of promoting change. The existence of dual or multiple roles leads to confusion, both in the agency and the target organisations. In the case of the Training Advisory Service, the advisers had an intervening role, in the promotion of training and development, and an inspectorial role, to ensure firms conformed to the requirements of the levy/grant scheme.

Organisational Structure

The organisational structure of the agency must be given considerable thought, as we have seen how organisational structure can empower or inhibit, an organisations ability

to act. The embryonic structure must be integrative(Kanter, 1984) in nature, and allow openness between the different sections. There should be vertical and horizontal linkages both formal and informal, which allow ease of communication and a free flow of ideas. The structure should not inhibit the innovation required for the development of organisational strategy. The structure of the organisation should be flexible enough to change with its needs, so the organisation does not become an unresponsive monolith.

Organisation Paradigm

The organisational paradigm is perhaps the biggest single factor which will determine the success of failure of an organisation. While it may not yet be possible to engineer the paradigm of a new organisation, none the less there are certain factors which contribute to the formation of an unsatisfactory paradigm, and these must be avoided.

When a new organisation comes into being a proto-paradigm quickly forms. This proto-paradigm is made up of elements from the paradigms of those organisation of which the members of the new organisation have experience. If the proto-paradigm is allowed to develop without careful supervision, it my be counter productive for the achievement of the agencies objectives.

The correct staff and skills are essential for the success of the intervening agency. In 1974 the OECD stated in regard to the Advisory Service that it should have a core of really good staff who would command the respect of industry. If this is to be done, an agency must be careful to recruit staff who will be compatible with the long term objectives and strategy.

The most important step is the appointment of a chief executive, as he is the one who will be responsible for envisioning the organisation. The chief executive must have a clear vision of what the he is trying to achieve, and must have the drive and enthusiasm to carry it through. These characteristics were clearly demonstrated by Dr. Tom Walshe who was the first Chief Executive of An Foras Taluntais(Leavy, 1991b). The absolute correctness of the vision is perhaps less important than the presence of the vision itself. In the case of AnCO the absence vision and missionary zeal in the founding Chief Executive, was reflected in the staff of the organisation.

The recruitment of the core group of staff is important, for if the early staffing is incorrect, it will be virtually impossible for the agency to be successful. This means the temptation to place people in positions, irrespective of their skills simply because they are available, must be resisted as it may be giving people who have been ineffective in one position, the chance of being ineffective once again. Once staff have been recruited, they should be provide with on-going development, closely allied to the evolving context and strategy of the organisation.

Strategy

The development of strategy for an intervening agency requires careful planning. It is essential that those who are developing the initial strategy of the organisation, are clear on what the organisation is attempting to achieve. At an early stage the range of possible strategies for the organisation must be explored, and care taken that the correct strategy is selected. When the initial strategy is being developed, care must also be taken to ensure that the possibility of switching to other strategies is not being excluded. This can

occur for example where there is an investment in staff and facilities, which are unique to the particular strategy, and which are of little use to other strategies. Strategies for change require action at highest levels within organisations. In the case of intervention from an outside organisation, it must take place at the most senior level. The change strategy must target the paradigm of the organisation, and must act on it so as to legitimate the proposed change. Where aspects of the target organisation's paradigm provides an impediment to change, action must be taken to delegitimate these aspects. As each target organisation is unique, it follows that those working to bring about change, must understand the paradigm of each target organisation. In the case of industry, a background in that particular industry is necessary, as it helps to reinforce credibility.

For a change process to be irreversible it must be supported by the organisation's paradigm. If this support does no exist it must be secured by the appropriate change to the paradigm.

Finally any organisation which wishes to be an agent of change, must be a learning organisation, both on its own behalf, and on behalf of those organisations in which wishes to bring about change. It must first create for itself a vision of the future, and must hold up this vision to its target organisations, in a way which generates creative tension(Senge, 1990. In this way it acts as a surrogate leader, for those organisations which are unable to create a vision of the future for themselves. It is very important that this vision of the future be correct.

The Reorganisation Of Agencies

Over the years, a large number of government agencies have been set up, whose functions, have at least in part, an intervening dimension. Many of these organisations have experienced significant changes either through amalgamation with other organisations, subdivision and in a number of cases abolition. These changes resulted from the apparent failure of these organisations to achieve results, or as a result of changes in their outer contexts. These reorganisations represent an attempt by government to refocus the roles of the organisations.

When we look at these reorganised agencies however we see very little in the way of real change. The structure of the organisations follow the familiar segmentalist structures of public service organisations, with their characteristic hierarchical management systems. No attempts are made to rebuild the organisations at a cultural level, which would result in a revitalised paradigm. Consequently the deeper problems which resulted in the failure of the organisations are not fully addressed and will resurface at a later stage.

7.5 FUTURE RESEARCH

This study has focused on two levels of analysis. Firstly at a very specific level it attempts to explain the rise and decline of the AnCO, Training Advisory Service. On a more generic level it studies the role of and activities of the intervening agency, and attempts by induction to generate some descriptive theory on the functioning of these agencies.

Over the years, the writer has noted that higher levels of success in the promotion of training and development, in those firms whose views on training were similar to those of the Advisory Service. This suggests that the levels of success of an intervening agency may in some way relate to a correlation between features of the paradigms of the intervening agency and that of the target organisation.

The research reported here is an example of the work of just one intervening agency. It is important to ask, just how idiosyncratic are the findings from this single case, or how generalisable is the insight gained into the intervention process. These questions may be answered by the study of other state agencies which have a significant intervening function.

Unlike private commercial organisations, which are set up in the first instance by an individual or a small group who are imbued with a strong sense of mission, state agencies are more often than not set up by government in response to a specific need. The sense of mission tends to be less strong in these agencies. For this reason the success or failure may depend to a great extent on the way in which the proto-paradigm develops. The study of proto-paradigm development within organisations, may give useful insights into the longer term success levels of these organisations. It might prove useful to study the "organisational genes" contributed by the individuals of the early core group of an organisation, and how they contribute to the "organisational DNA" of the proto-paradigm. This analysis might shed some light on the organic factors which decide the success or failure of an agency. It might also help to answer the question as to whether or not it is possible to "genetically engineer" organisations to carry out specific tasks.

This might be done by studying the proto-paradigms of a number of organisations and correlating the results with their levels of success in the longer term.

Finally the idea of establishing agencies for the purpose of performing a specific task should be examined. This might lead to the establishment of agencies to perform a specific and clearly defined task, which would be disbanded as soon as the task was completed, successfully or otherwise. This would prevent agencies from continuing to exist long after they had outlived their usefulness, and being used for other tasks for which they were inappropriate, simply because they existed. The writer believes that the use of organisations and structures to carry out initiatives simply because they exist greatly reduces their chances of success.

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APPENDIX A

ABBREVIATIONS

AIFTA	Anglo Irish Free Trade Agreement
AVT	Accelerated Vocational Training
AnCO	An Comhairle Oiliuna - The Industrial Training Authority
Ceard Comhairle	The Apprenticeship Board
CEO	Chief Executive Officer
CERT	Hotel and Catering Training Body
CIE	Coras Iompair Eireann - National Transport Company
CII	Confederation of Irish Industry
CIO	Committee on Industrial Organisation
CTT	Coras Trachtala - The Export Board
E.C.	European Community
E.E.C.	European Economic Community
E.S.F	European Social Fund
ESB	Electricity Supply Board
ESRI	Economic and Social Research Institute

EU	European Union
FAS	Foras Aiseanna Saothair - The Training and Employment Authority
Foir Teo	State Rescue Board
ICC	Industrial Credit Corporation
IDA	Industrial Development Authority
IIRS	Institute for Industrial Research and Standards
IMI	Irish Management institute
ITN	Identification of Training Needs
NESC	National Economic and Social Council
NIEC	National Industrial and Economic Council
OECD	Organisation for Economic Co-operation and Development
PSORG	Public Services Organisation Review Group
SFADCo	Shannon Free Airport Development Company
TAS	Training Advisory Service
Udaras Gaeltachta	Gaeltacht Authority
VEC	Vocational Education Committee