

## **Workplace Innovation At The CBC**

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Faced with reduced government funding and changes to the industry socio-economic environment, the CBC devised a change strategy that embraced technological and workplace innovation. This paper describes and analyzes recent innovations in the CBC English Radio component and discusses the implications for industrial relations policy and practice.

### **Introduction**

Developments at CBC English Radio during the mid-1990s present a unique example of an integrated and planned change in technology, work methods, and industrial relations. The change was a large one and involved an experiment in changing the collective bargaining process, collective agreements, the introduction of digital technology, the use of multi-skilling and cross-skilling, extensive training in technology, and a streamlined governance. The case of the CBC entailed the introduction of innovation in a multi-union setting. In other words, changes in technology and workplace practices were introduced in a situation where there is a high degree of complexity. Perhaps, most importantly, this case illustrates major shifts that are occurring in industrial relations power and practice between the employer and unions.

The case has implications for the emerging change management literature. It substantiates the importance of a number of factors that have been identified as critical for successful innovation and change (Kotter, 1996; Ulrich, 1997). The case also contributes to the industrial relations literature. For example, interest based bargaining (IBB) played an important role at one point in the change process and our findings are important for the developing literature on that topic. Some conclusions are beginning to emerge concerning IBB (Martin, 1997) and the case validates some of those conclusions. Finally, the case is significant from the standpoint of contemporary industrial relations policy and practice. It confirms trends in IR practice noted by others (Kochan, Katz and McKersie, 1986; Walton, Cutcher-Gershenfeld and McKersie, 1994), particularly with respect to line management's top-down and forceful approach. These will be discussed in the concluding section.

The *need for change* was partly determined by the external and internal environmental features confronting the Corporation. The CBC, and particularly English Radio, needed to keep pace in an industry that was rapidly evolving into a multi-media and multi-channel universe. There was a concern, too, with loss of market share and increased competition for listeners. Cuts in governmental funding provided the *impetus for change*.

### **Background**

#### **The Canadian Broadcasting Corporation**

On 2 November 1996 the Canadian Broadcasting Corporation/La Société Radio-Canada

(CBC/SRC) celebrated 60 years of existence. The Crown corporation is mandated to provide Radio and Television services to "inform, enlighten, and entertain" its audiences, but also "to contribute to the Canadian identity, reflect its diversity, as well as reflect its changing realities" (Broadcasting Act, 1991). *Toronto Star's* columnist Antonia Zerbisias said that the CBC is mandated by law to "be all things to all people." Television and Radio services -- mainly in French and English -- are provided by a mix of CBC owned and operated stations, as well as private affiliated ones. Outside Canada, the CBC distributes its programming through cable specialty channels, Radio-Canada International (RCI) short-wave service, and most recently in real time via Internet.

The "arms-length" relationship between the CBC and the federal government distinguishes the CBC as a public broadcaster from a state broadcaster. Nonetheless, the CBC is strongly influenced (and constrained) by government regulation and other political influences. One cannot understand the CBC without understanding its regulatory and political environment. Between 1985 and 1996, CBC's parliamentary appropriation declined in real terms and affected the CBC's ability to keep fulfilling its broad mandate. Federal funding constituted between 70% and 75% of CBC revenues. Therefore, in the 1990s, government funding reductions became a serious preoccupation for the leadership (see Table 1).

**Table 1**

<b>Operating Parliamentary Appropriations</b> _ in millions of dollars at end of Fiscal Year (31 March) (fluctuation from previous year in parenthesis)						
<b>1990-91</b>	<b>1991-92</b>	<b>1992-93</b>	<b>1993-94</b>	<b>1994-95</b>	<b>1995-96</b>	<b>1996-97</b>
985.2 (+5.3%)	900.6 (+9.4%)	959.1 (-6.1%)	954.7 (-0.5%)	951.4 (-0.3%)	*963.2 (+1.2%)	*854.4 (-13%)

\_ Excludes appropriations for capital expenditures (CBC Annual Reports, 1990-1997).

\* Includes \$106 and \$41 millions for downsizing in 1995-1996 and 1996-1997 respectively.

At the CBC, direction for change was traditionally given at the top. In 1991, the legislative separation of the roles of Chairman and President accentuated this tendency as it resulted in a more active involvement by the Board of Directors in the management of the Corporation (Manera, 1996). When making cuts, the CBC faced two basic options: *across-the-board* versus *vertical* cuts. In 1990, the Board chose the *vertical* option by closing stations and replacing local television newscasts. The cuts were in the order of \$108 millions and resulted in the reduction of 1,110 positions, which represented approximately one tenth in each case. In 1996, the Board adopted "sweeping measures" (as described by the President and CEO) which reached *across* the CBC's operations. The cuts totalled about \$415 millions and 2,500 positions. The magnitude of the latter shortfall meant a reduction of one-third of the operating budget and one-quarter of the workforce.

### **A New Strategy at the CBC**

Faced with unprecedented revenue reductions, the 1990s were spent rethinking how the CBC should fulfill its mandate as a public broadcaster. In the mid-1990s, the corporate strategy became, as never before, the subject of considerable public scrutiny. Between 1994 and 1996 the CBC was the subject of reviews by the Canadian Radio-television and Telecommunication Commission, a Special

Examination of the Auditor General, the Standing Committee on Canadian Heritage, and by the Mandate Review Committee established by the Minister of Canadian Heritage. These reviews required the Corporation to clearly define its strategic orientation.

### **The Change in Corporate Strategy: 1990-1996**

As with other national institutions and private corporations across the Canadian economy, the CBC underwent significant changes between 1990 and 1996. These transformations were the result of an integrated and planned strategy. More specifically, continuous reductions of funding combined with shifts in the business environment (e.g., the penetration of other media, the multiplication of channels, and digital broadcasting) forced the CBC to redefine its strategic orientation. The initial CBC "repositioning plan" was developed in the late 1980s, during the tenure of President Gérard Veilleux. The plan called, among other things, for better use and greater flexibility of the workforce in the application of technology and the organization of work. In 1994, President Tony Manera's plan entitled *A New Commitment* included savings of \$120 millions to be achieved through the introduction of new technology, and the restructuring of work methods and administrative processes. Manera also sought to establish a more collaborative approach with the unions.

Consequently, fundamental steps were taken to put these strategies into practice. First, starting in 1992, a series of measures were adopted to reduce layers of management and to devolve accountability. This effort culminated in 1995 with a new decentralized corporate model called "Strategic Architect". It led to the reduction of Ottawa's Head Office by two-thirds: primarily targeted to corporate support functions and the elimination of six of CBC's 14 vice-presidential positions. In essence, the Corporation was reorganized into four distinct business *components*: English and French Television, and English and French Radio. This decentralized approach allowed line management a greater role as well as much more scope to make and implement strategy.

Second, in addition to streamlining its governance, the CBC sought to redefine its labour relations framework. The origin of the bargaining structure within the CBC dated back to the certification orders issued in the early 1950s. The contracts with unionized employees were a barrier to innovation. In the past, the unionized employees working for English Radio and Television were represented by 11 unions in some 17 different collective bargaining units. In March 1990, the CBC filed applications with the Canadian Labour Relations Board (CLRB) to reduce and consolidate the number of certified Unions and Associations. The argument was that the bargaining structure no longer matched the business reality. For instance, the introduction of new work methods and technology had become a source of conflict.

Jurisdictional barriers meant "job silos". Given the technological context, the CBC argued it made sense to rationalize bargaining units based on more contemporary communities of interest. The CLRB ultimately agreed with the CBC's proposal and defined four bargaining units for each of the English and French bargaining structures<sup>1</sup>, or what the CBC calls the French and English *files*. The English *file* was formed in December 1993. Unit 1 became the Program Production and Presentation Unit, represented by the Canadian Media Guild (CMG); Unit 2 became the Technical Trades and General Labour Unit, represented by the Canadian Energy and Paper Workers (CEP); Unit 3 became the General Administrative Unit, represented by the Canadian Union of Public Employees (CUPE); and Unit 4 included all security guards and officers, also represented by the CEP.

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<sup>1</sup> See *Canadian Broadcasting Corporation* (1992), 87 di 163 (CLRB no. 926); (1992), 89 di 1 (CLRB no. 954); and (1993), 91 di 191 (CLRB no. 1007)

### **Innovation at English Radio**

English Radio at the CBC is a unique case of planned innovation. The English Radio component linked the corporate strategy with its business environment. The Radio service faced serious challenges and required to implement workplace change in order to continue honouring its mandate. The case explains the fundamental reasons behind change, how the changes were introduced, and the implications for labour relations.

### **Challenges at English Radio**

CBC Radio had become one voice amongst hundreds. Worldwide, radio broadcasters were competing in the multi-media and multi-channel universe. The market for radio was fragmented. Distribution technology (e.g., satellites) enabled audiences to dial from around the globe and tap into an expanding number of specialty and general information stations. In addition, radio was competing with an increasing number of media. For instance, the Internet was converging with traditional broadcasting to reshape the way people communicated with one another.

English Radio's a single integrated service was delivered on two complementary networks: CBC Radio and CBC Stereo (now called Radio 1 and Radio 2 respectively). The first was mainly an information service that included a significant proportion of local and regional shows. The second was primarily a cultural service dedicated to music (Classical, Jazz, Folk and Pop), spoken word performance, and arts journalism. Despite a strong metropolitan presence, the English network was predominantly decentralized. Approximately 60% of the programming schedule originated outside Toronto and, contrary to its television counterpart, programming was entirely non-commercial.

Once qualified as the "jewel" of the Corporation by one of its presidents, CBC Radio, like its competitors was fighting to maintain existing services. While popularity for radio was generally stable in Canada, competition for audiences was fierce<sup>2</sup>. Privately owned radio broadcasting reported a \$3.1 million loss in 1996 (Statistics Canada, 1998). Statistics Canada reported that people listened an average of 21 hours a week in the fall of 1995, 30 minutes less comparatively to the same period in 1991. According to these statistics, more than half of all Canadians were using one of CBC's radio services.

In the early 1990s, CBC's audience levels were gradually declining. The two measures for audiences are *share*<sup>3</sup> and *reach*<sup>4</sup>. Since 1990, the *share* of English speaking listeners had dropped slightly for both CBC Radio 1 and Radio 2, more so for the latter. In 1994, the combined average *share* for CBC Radio 1 and Radio 2 was approximately 11%, an overall drop of two share points from the record high levels of 1990. The unduplicated *reach* was 3,393,000 or 17.5% of the Canadian Anglophone population, a record high. While CBC's own market surveys suggested that one third of Anglophones listened to CBC at least once a week, the trend was indicating that the average age of CBC listeners continued to be higher than that of the population as a whole.

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<sup>2</sup> In 1996,, there were 486 licensed and operating radio stations in Canada , 66 (nearly 14%) of which were owned and operated by the CBC.

<sup>3</sup> Audience *share* measures the percentage of total available audience watching or listening.

<sup>4</sup> Audience *reach* measures the total number of viewers or listeners reached by a broadcaster during a specified period.

### **A New Direction for CBC English Radio**

To meet these and other challenges, a new direction was carved out for CBC English Radio by Harold Redekopp who was appointed Vice-President in 1992. Redekopp's previous experience as Vice-President Regional Broadcasting Operations involved the closing of numerous stations as part of the 1990 round of cuts, an exercise that was painful and unpopular. Redekopp wanted to avoid repeating a similar experience. Therefore, he foresaw the need for pressing and significant changes to the way the service operated.

Redekopp launched a seven year plan called *Building on Strength*. The new strategic direction emphasized the improvement of the organization's effectiveness, the strengthening journalistic and cultural independence and leadership, and the exploitation of technological innovation, particularly in digital production and transmission. English Radio determined that it could not meet these goals without seeking concessions from the unions and negotiating easements in the collective agreements, particularly with respect to flexibility in assigning and scheduling work. With CBC audiences slowly eroding, and most importantly with more funding reductions looming, English Radio decided that it would have to act quickly if it wanted to maintain services, let alone keep pace with the business environment.

Redekopp's trip to Australia in May 1994 provided English Radio the momentum it needed. Accompanied by a small team of operational and industrial relations staff, Redekopp visited the operations of the Australian Broadcasting Corporation (ABC) to examine how their radio service had successfully cut 25% of its budget while increasing services and audience ratings. Digital technology was an important ingredient in ABC's success. The trip provided the Canadian team a unique opportunity to witness the role this technology had played in the turnaround of its Australian counterpart. Redekopp realized that everything English Radio was seeking had already been implemented in Australia: new technology, new work methods, new employee contracts had all been introduced in a unionized setting. He had all the arguments to convince some managers who were resisting change. Redekopp wanted it done by 1 September 1996.

### **New Technology**

Analog production technologies were costly and rapidly becoming obsolete. English Radio decided to opt for digital technology, primarily *Desktop* radio. English Radio estimated that there were significant resulting benefits in quality, immediacy, and efficiency. The software package allowed for manipulation of both audio and text material. Sound clips could be digitally recorded, edited, lined-up, played back, and retrieved from a personal computer. Theoretically, with this new technology, journalistic text and audio digital files could be fed in seconds from anywhere around the globe through phone or computer lines. Within minutes, the digitally-formatted report could be edited, dubbed, and aired by the same person rather than by several employees belonging to different unions. Furthermore, working from a PC workstation allowed a journalist to do the same work at his or her desk instead of using costly studio resources. Overall, the replacement of analog technology with digital technology carried huge ramifications for programming, work methods, and the allocation of human and material resources.

English Radio initially adopted the *D-CART Desktop* system, which had been developed and marketed by the Australians. A business case was made to buy about 80 work stations at a total cost of roughly \$2 millions. The *D-CART* package served as pilot project for the Toronto network. Later, English Radio switched to the *Dalet* model (produced by a European manufacturer), which performed

better and was also 40% less costly. English Radio invested \$10 millions in *Dalet*, with a payback period of 5 years. This assessment was conservative since it only accounted for direct savings in wages.

To maximize benefits, the usual capital management process was altered. Radio operations management took control of the *Desktop* project. In the past, CBC Engineering evaluated, tested, set the standards, and contracted acquisition and servicing. By by-passing the usual engineering infrastructure, English Radio was in a better position to select the new technology but more importantly to experiment it "live". Over and above the obvious savings in time and money, internal project management provided a unique opportunity for producing and technical staff to take an active role in the development phase, and to experiment with innovative work methods.

### **New Work Methods**

The new *Desktop* radio project was a potential source of efficiency. While technology alone did not provide savings, it was expected that employing the workforce in new ways would. Optimally, the technology had to be complemented with *multi-skilling* and *cross-skilling*<sup>5</sup>. *Desktop* radio involved a significant cultural shift. *Desktop* technology implied that reporters and journalists (both part of Unit 1) would now perform "the whole work", including work from another bargaining unit (Unit 2). Whereas previously reports had to be edited and dubbed by a number of technicians prior being aired by producers, the new technology now empowered a single person to do all these tasks from a single computer workstation. Technically, *Desktop* radio made it possible for technicians and producing staff to prepare programming material and, if need be, go on air. In addition, there was nothing stopping technicians from doing field work, or "story chasing" as it is called. In other words, technicians did the work of journalists. By providing the flexibility to cross over from one job to another --and in many cases from one bargaining unit to another -- English Radio saw immense potential for enhanced cooperation and maximization of people's talents, while reducing manpower.

The adoption of new work methods had to coincide with the roll out of technology. Implementation implied multi-skilling and cross-skilling and was considered the most difficult objective to achieve. Since these concepts ran counter to the philosophy and objectives of the unions, *Desktop* radio needed to be accompanied by fundamental changes to the collective agreements between CBC and its unions. This was particularly true for Unit 1 (journalists and production staff) and Unit 2 (mainly technicians) who were severely affected by the funding cuts, as well as the ones representing the bulk of the unionized workforce (see Table 2, below).

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<sup>5</sup>*Multi-skilling* refers to the acquisition of skills within a particular occupation or field of work; whereas, *cross-skilling* refers to the acquisition of skills across different occupations or fields of work.

Table 2

<b>Unionized Workforce - CBC English file (fluctuation from previous year in parenthesis )</b>					
Fiscal Year Ends 31 March	Operating Appropriations Millions of dollars	Number of Employees per Bargaining Unit			
		Unit 1 - CMG journalists and production staff	Unit 2 - CEP Technicians	Unit 3 - CUPE Support staff	Unit 4 - CEP Security guards and officers
<b>1993-1994</b>	954.7 (-0.5%)	2,939	2,533	1,283	4
<b>1994-1995</b>	951.4 (-0.3%)	2,821 (-4.2%)	2,443 (-3.4%)	1,067 (-20%)	29 (+86%)
<b>1995-1996</b>	*963.2 (+1.2%)	2,669 (-5.7%)	2,210 (-10.5%)	955 (-12.7%)	29 (unchanged)
<b>1996-1997</b>	*854.4 (-13%)	2,559 (-4.3%)	2,046 (-8.0%)	788 (-21%)	13 (-123%)

Notes: Excludes appropriations for capital expenditures (CBC Annual Reports, 1993-1997).  
 Data obtained from CBC Industrial and Talent Relations, figures before 1994 are unavailable as bargaining units were officially created in December 1993.  
 \* Includes \$106 and \$41 Millions for downsizing in 1995-1996 and 1996-1997 respectively.

### New Collective Agreements

Management had regularly encountered difficulty in making desired changes to the collective agreements. This challenge derived partly from a lack of determination, but more importantly from a long tradition of restrictive work practices strongly entrenched and defended by the unions. The collective agreements contributed to inefficient operations by creating "job silos" and jurisdictional disputes. The restrictions to assign personnel to different functions resulted in overtime costs or penalty payments. Moreover, the unions considered the use of equipment to be a union jurisdiction, which meant that a reporter could not operate a piece of equipment under the jurisdiction of a technical union. In sum, management wanted to gain flexibility to respond to technological change.

In January of 1995, CBC management and the newly formed English *file* began negotiating. The negotiations entailed agreements with the four Units covering both English Radio and Television. The new bargaining framework decided by the CLRB represented for management an opportunity to gain more flexibility in job assignment. Senior management, with very strong support from the Chief Executive Officer, proposed that the parties move away from adversarial bargaining towards a collaborative approach called "interest based bargaining" (IBB) or mutual gains bargaining. This approach relies much less on the strict adherence to positions and more on the use of problem solving techniques and procedures. The unions agreed to try this approach. Outside facilitators who were skilled in interest based techniques were brought in to provide joint training. The parties met monthly for approximately two weeks at a time to work out their differences. The issues were significant as up to eight collective agreements had to be merged into one. There were sometimes twenty-five people from each side at the table. After nearly six months with little or no progress, the Vice-Presidents of

English Radio and Television were disappointed with the results -- or rather the lack of results. With time pressing on, with budget cuts looming, and with innovation being dependent on changes to the collective agreements, management needed clear signs that collective agreements would be reached. Nearly \$2 million had been invested in the IBB venture with little progress being made.

On 27 June 1995 -- three days before management's self-imposed deadline -- the CBC advised its unions that it was interrupting IBB. As stated in CBC's *Internal News* of June 27, 1995:

Management has concluded that although there is some progress after six months of very intensive negotiations, it would not be sufficient to warrant continuing IBB, which requires that large teams of negotiators meet five days a week. The negotiating team today served notice of termination of IBB and proposed to Union representatives that traditional negotiations begin in August.

The four unions were very disappointed and were insisting on bargaining at one common table. This delayed the talks. When bargaining finally resumed in the fall of 1995, *line management* took control of the collective bargaining process. The Director of Operations for English Radio, Saleem Ahmed, took over negotiations from the corporate industrial relations' office. Ahmed had previously been involved in turning around a regional television station and clearly understood what was at stake in these negotiations. Experienced line managers teamed up with industrial relations advisors at the bargaining tables.

After many months of hard and acrimonious bargaining, and days before the strike deadline, agreements were reached with all the unions on May 24, 1996. English Radio was seeking most of the changes to the collective agreements, and results were largely in its favour. The collective agreements were signed and ratified by the unions in May and June. However, ratification was difficult because the unions were clearly unhappy with the agreements. Indeed, the executive of the Communications Energy and Paperworkers refused to recommend the package to the membership. In another instance, a CEP staff representative publicly stated, "A lot of people are going to lose their jobs.... There will be layoffs. This agreement gives them [management] ways to do things that they didn't have before. That's why there's been all this outcry." (Globe and Mail, June 27, 1996).

Despite the unions discontent, the easements in the new contracts represented a major shift and a stepping stone for innovative business practices. Among other things, the agreements allowed union employees to do tasks from another Unit. Hybrid jobs were negotiated, permitting a 60/40 split between functions belonging to different bargaining units. Another clause gave management the flexibility to perform technical functions in small locations. Throughout negotiations, the CBC defended its rights to manage. For instance, management won its argument that equipment was not under union jurisdiction and that it was management's right to allocate it. With the overall negotiated changes, Redekopp knew that he could efficiently combine new technology with new work methods.

### **Integrating New Technology and New Work Methods**

English Radio's leadership pushed to take full advantage of its right to manage. Training became a key element to integrate technology and work methods. The Corporation had set up a \$1 million training fund to satisfy union bargaining demands; however, training for this project was not paid from this fund. Training was led and financed by Redekopp and his team. Story and script writing, performance, and production training were provided. The activities were geared to the multi-skilled and hybrid jobs, and of course included specific training on *Desktop* radio.



In essence, everyone who was involved in programming was given the opportunity to be trained. For employees, multi-skilling and cross-skilling became the "carrot" to avoid the next round of cuts. *Desktop* training was delivered to both journalists and technical staff in mixed groups. Union executives were given assurances that Unit 2 technicians would have the opportunity to enhance their skills and compete for a "journalistic job." Unit 1 employees were also given the skills to master *Desktop* technology. Indeed, the focus was on the training for *Desktop*. Again, line management took charge, tailoring the training program to business and operational needs. Control and direction for training were devolved from the corporate office to English Radio. All the training was done in-house and set-up by employees already working with the *Desktop* technology.

### **The Outcomes**

English Radio's innovations were in place by the September 1996 deadline. From management's perspective, the overall benefits of integrated change surpassed expectations. Beyond the gains in efficiency, additional fallouts took place in terms of improved quality, new business opportunities, programming, and, according to management, increased job satisfaction. Negative aspects included additional stress on the employees, and tense relations with the unions.

The most immediate benefit of introducing such changes was financial. At the beginning of the exercise, English Radio estimated that one third of the budget cuts would be realized through the achievement of the corporate strategy (introduction of new technology, new work methods, and administrative change). The easements in the collective agreements alone gave English Radio direct savings in the order of \$4.8 millions. As a direct result of using *Desktop* technology, approximately 48 jobs were eliminated, mainly technicians. The changes in technology and work methods also resulted in the elimination of *soft* costs, such as high-end equipment maintenance and upgrading. This accrued benefit became known as the "ripple effect." Consequently, management was able to lease as much as 20% of its studios, particularly in bigger centres.

The changes in technology and work methods also meant greater employee involvement and team work. Jobs were enriched. Greater cooperation took place across craft lines. In some instances technicians were going on air, directing, or reporting news. Management asserted that job satisfaction had increased as a result of employees working on a broader scope of activities and directly contributing to the final product.

For their part, unions were generally opposed to the changes. After ratification of the agreements, there was a lot of resistance from the unions as they traded off a great deal in order to save as many jobs as possible. Some union leaders were replaced by the membership. The unions tried to regain some of the ground they lost in the 1996 agreements. With drastic changes to the agreements and the end to some longstanding jurisprudence, management predicted that there would be a greater number of arbitrations in the near future. For instance, the interpretation of the terms and conditions of hybrid job incumbents went to arbitration.

In the end, English Radio gained much of the flexibility it sought. Interestingly, despite significant reductions and fears of cuts in services, ratings improved after *Desktop* was implemented. The spring of 1997 BBM ratings showed substantial *share* increases for both Radio 1 and Radio 2. In fact, it was the network's best performance since 1992. Redekopp and his team took advantage of innovative changes and were also expanding programming as well as searching for new revenue sources. A new generation of stand-alone *Desktop* was later introduced. Programming also benefited from transformation. CBC Radio experimented with new shows such as *Definitely Not The Opera*, where producers were broadcasting "live" from their office rather than from a traditional studio environment.

The successful implementation of *Desktop* radio and other technologies created opportunities for English Radio to explore this kind of innovative and creative programming.

### **Conclusions and Observations from an Industrial Relations Perspective**

At the outset of this case study, it was noted that numerous challenges faced English Radio: falling market share, technological changes, a new competitive environment, and the adoption of a more decentralized management structure by the Corporation. Nevertheless, the changes fashioned by management within English Radio were significant and somewhat surprising given the CBC's public sector roots, its highly unionized environment, and the general inertia that has long existed in the Corporation. In implementing strategic change, management was prompted in part by the huge budget cuts facing the organization. Thus, the reductions accelerated the introduction of innovations at English Radio. Establishing a "sense of urgency" is the first step to make transformations a success (Kotter, 1996; Ulrich, 1997) and English Radio exploited this threat for achieving innovation in the workplace. The reductions also affected negotiations. Due to their lack of relative bargaining power as a result of the cuts, unions agreed to substantial "takeaways" in their collective agreements in order to save members' jobs (which succeeded in part).

The innovation process at CBC English Radio was notable for a number of reasons. *First*, it was the Vice-President's vision, and change was driven by top-management. A few senior managers were part of the strategic team. The only departure from this top-down approach was the brief flirtation with broader participation and collaboration stemming from the use of interest based bargaining. Part of a broader corporate strategy, IBB was dropped by the Vice Presidents of English Radio and Television because it was deemed ineffective, this occurred after the IBB champion, Tony Manera, resigned as Chairman and Chief Executive Officer. The unions communicate illustrated that they were "angry and disappointed" and implied that management's commitment to IBB had changed after Manera's resignation.

*Second*, the change process and its substance were led by operations rather than by corporate Human Resources or Industrial Relations (which were distinct at the time). HR and IR staff involvement was limited: it was operations management from English Radio, and not management from the corporate office, that had the control over IR and HR resources. Furthermore, operations management took over the *Desktop* capital project from the corporate engineering staff. In other respects, too, line management took command, and the most notable element was its role during the collective bargaining process. It was thorough and complete once IBB was abandoned. For example, one of the most important clauses for English Radio was named after a line manager who acted as spokesperson. He drafted the clause and negotiated it. Clearly, management understood that collective bargaining innovation was key to workplace innovation. After IBB, they, not IR or HR, determined the content, the tone, the strategy, and tactics of negotiations. The important role of line management in IR issues substantiates earlier research on the transformation of IR (Kochan, Katz, and McKersie, 1986).

*Third*, change came through traditional collective bargaining. Interest based bargaining was a failure and a casualty in the process. The difficulties in moving from traditional bargaining to IBB have been noted by a number of experts in the field (Martin, 1997; Friedman, 1994; Hecksher and Hall, 1994). As Martin points out, the main obstacle is often the fact that constituents do not fully understand or appreciate the more collaborative approach of IBB. Friedman too, concludes that negotiators may want to use an IBB approach but revert to the traditional process because that process is reinforced by the social and political structure of labour negotiations. This was particularly a factor at the CBC given the number of contracts to be amalgamated and the resulting number of participants

at the table. Indeed, Hecksher and Hall (1994) indicate that it is difficult to get constituents trained and comfortable with the principles of IBB and, that failing change, IBB will not have the support of constituents, particularly more militant ones.

In this case, failure was not caused by union resistance, or by the lack of support by management. At the CBC, the union leadership was equally, if not more, militant than the membership. It is doubtful, therefore, that the failure of IBB could be traced to a lack of sympathy for IBB by the union membership. Further, IBB's failure was not the result of a lack of training, or support. A great deal of time and money were invested in IBB training, and an outside facilitator from Labour Canada was involved in the process. Moreover, the champion of the process came from the top of the organization, i.e., the Chief Executive Officer. Once Manera left, line management reverted to the traditional negotiation process. Nevertheless, before his departure, the IBB process had many months to bear fruit and little had been achieved. In fact, after the first two weeks of negotiations between the CBC and its unions, the internal corporate communique indicated that "progress was slower than anticipated".

The fundamental lack of progress in the negotiations illustrates one of the major flaws or difficulties with IBB. In poor economic times, power asymmetry favours the employer. Clearly in this case, the Corporation had much more power than the unions. This was illustrated on at least two occasions: first when the four unions insisted on a common table as pre-condition for return to traditional bargaining, and second, at the end of negotiations when the unions requested arbitration. These were two signs of bargaining weakness and in both cases management refused the request, forcing settlement on the Corporation's terms. With IBB, during unfavourable economic times, it is in the interest of the weaker party to slow down the negotiation process. In this case, for unions time was a friend. The opposite held true for management, particularly given the repetitive funding shortfalls. They needed to introduce change as rapidly as possible.

This case substantiates one of Martin's main conclusions, namely that relative power equality between the parties needs to be present for IBB to work. As he observes: "In the negotiations we have watched, power seems to be relatively balanced between the parties. It is quite possible that this is a matter of self-selection, that in situations where there is a marked difference in power, the parties are not attracted to interest-based bargaining." (1997:52) IBB has been used in a relatively small number of sectors, quite often in elementary and secondary education settings and in academia (in these cases the two sides had relatively equal bargaining power). Use of IBB is still a relatively rare phenomenon in the public sector, and the CBC case did not provide sustaining evidence for its use in the public sector. At the CBC, IBB was clearly seen as a frustrating and ineffective experiment.

*Fourth*, the failure of IBB was symptomatic of the existing state of labour relations in the Corporation. As noted above, in the post-IBB phase, line management led collective bargaining. This approach signalled a turning point in negotiations. Whereas IR and the corporate office played a smaller role than in the past, the process was most heavily influenced by the operations staff. They were persisting to change the agreements. The changes to the collective agreements were significant and a major achievement for management. For their part, all of the unions were weakened, particularly the CEP. All of the unions lost members due to workplace innovation. The unions have been further affected, in so far as craft lines are breaking down. Such changes divided the unions from some of their members along with the union membership itself. For example, many members now practice cross-skilling and multi-skilling (generally the younger workers); whereas, others do not (these tend to be employees with more seniority). In a final respect, the unions were weakened because of the take-aways in the collective bargaining process. The unions consequently pursued a number of grievances to resist change. In response, English Radio strictly defended the gains that were made (more rigorously than its television counterpart due to its lesser resources). In summary, while management

in English Radio was successful in introducing a significant and successful program of workplace innovation, the issues of future resistance by the unions and the need to forge more positive relationships remained. At this time, the corporate office is assisting English Radio and Television in trying to rebuild trust and forge a strategic partnership with the unions.

In conclusion, management at CBC English Radio successfully introduced an integrated innovation program, which significantly changed the workplace. Redekopp's vision for change was justified at least in part by the Corporation's massive cuts announced in September 1996<sup>6</sup>, a date that coincided with the deadline for implementing the *Desktop* project. The innovations contributed to lessen the impact of the 1996 budget cuts on services. The labour relations component was certainly the cornerstone and a turning point of this initiative. One of the most significant aspect of this case, however, is that a public sector organization -- highly regulated, highly unionized and bureaucratic -- has followed the policies and practices of private sector organizations, particularly with respect to forcing change (Walton, Cutcher-Gershenfeld, and McKersie, 1994). The case is indicative of how change is being played out in industrial relations policy and practice across sectors, including the public sector. Transformation and innovation in industrial relations seems to know no boundaries in terms of the sectors it is reaching.

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<sup>6</sup>While expenses related to the operations and management of radio service represented only 20% of total CBC expenses, the English Radio service absorbed a 23% budgetary reduction (\$28 million) and the elimination of about 32% of its workforce (417 positions).

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