The International Labour Organization (ILO)
The Globally Recognized Authority in the World of Work?!

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MPP-E1039: Managing Strategic and Organizational Change

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List of Abbreviations

CSG	Core Strategic Group
DDG/FOP	Deputy Director-General for Field Operations and Partnerships
DDG/MR	Deputy Director-General for Management and Reform
DDG/P	Deputy Director-General for Policy
DG	Director-General
GB	Governing Body
HQ	Headquarters
ILO	International Labour Organization
UN	United Nations

Table of Contents

I.   Introduction

The International Labour Organization (ILO) is a specialized body of the United Nations (UN) focusing on labour, promoting social justice and internationally recognized human and labour rights. Founded in 1919, it is the oldest UN organization with the special characteristic of a tripartite structure, meaning a joint decision-making between governments, employers' and workers' organizations (Helfer, 2006). Being an international institution signifies acting in a global manner which increases the number of challenges the organization faces. As such, the financial crisis has shown how easily our current labour system can be upset and how insecure the job situation is. Besides this challenge, there are a number of forces transforming the world of work, such as demographic changes, focus on environmental sustainability or increased use of technology (Ryder, 2013). The ILO is aware of these changes, because they mean that the organization must adapt its work to remain an important actor. Wanting to adapt to the current challenges, the ILO's Director-General (DG), Guy Ryder, has launched a large reform process which shall be analyzed in this work.

We focus on the policy rather than the organizational part of the reform, wondering, how far the constituents and other actors are part of the process and what role the management plays with regard to the reform. We will hence start with an analysis of the ILO's stakeholder and its strengths, weaknesses, opportunities, and threats. The main tool of analysis we use is the ReformCompass, developed by the Bertelsmann Foundation. The ReformCompass is especially fit as it offers a comprehensive opportunity to take stock of the reform along the three dimensions of Communication, Competence, and Capability to Implement (the three Cs). The ReformCompass stresses the importance of ongoing evaluation which is something we also detected in the case of the ILO reform. Our approach to the analysis is ex post, but considering that the reform process has not come to an end yet. During our analysis we will draw from the publicly available documents of the ILO on the reform, our personal knowledge, as well as on information from field offices and from German tripartite constituents.

II.   Overview of the Reform

In March 2012 Guy Ryder stated in his candidacy speech for becoming the DG of the ILO how the ILO's mandate was not enough to make it a global player and hence promised a comprehensive reform of the ILO after his election (Ryder, 2012). He pointed out that the reform would include a policy as well as an organizational change of the organization, jointly aiming at making the ILO be "the globally recognized authority in the world of work" (Ryder, 2013).

A few things are noteworthy about this reform. Firstly, the reform seems to have been initiated without a profound sense of urgency, which is necessary for the success of a reform (Kotter, 1996). Although the changes are important and necessary, they do not appear to be pressing for the constituents. Furthermore, the policy reform is lacking a profound strategy which is about creating a competitive advantage by achieving a perfect fit of all of the ILO's activities (Porter, 2006). As such, the changes in this reform are of an incremental quality (Palmer et al., 2009). The reform started in late 2012 and is still ongoing with certain parts being more advanced than others.

2.1.   Stakeholder Analysis

The ILO's reform process is a complex undertaking, because of being a tripartite and a multinational organization. Figure 1 exhibits this complexity by mapping the stakeholders according to their importance and their degree of support or opposition to the reform.

Overall, the stakeholders appear to be very much in favor of the reform. There are no problematic stakeholders which must be watched, i.e. being positioned in the lower left corner. Even the private standard should not be of major concern for the ILO, because the standards provided by the ILO are broader and targeted at governments, not firms. At the same time many stakeholders are encountered in the upper right corner, thus advocating the reform. Here we find the management of the ILO, the governments, the workers (both from the global north and south), the staff from the field offices and other UN organizations. All of these actors support the reform as they benefit from a stronger stance of the ILO and the organizational restructuring.

Figure 1: Stakeholder analysis

What is interesting to notice is the split between staff from the HQ and from the field. While the latter supports the reform, the former might oppose the changes, because it is strongly affected by the organizational changes. Together with the employer organizations they form the group of antagonistic stakeholders which must be managed for the reform to succeed. Both groups of actors can lose ground and importance depending on how the reform will take place. As such, the headquarter staff would possibly have to give power to the staff in the field. Lastly, there are three stakeholders (NGO, Private Standard Setters, and the Media) who take a rather indifferent stance to the reform and hence are of lower priority for the success of the change process. These actors should thus be merely recognized in their existence.

2.2.   S.W.O.T. Analysis

To manage its threads and weaknesses, the ILO needs to build strategically on its strengths and opportunities. Tripartism is one of the major strengths of the organization, since it allows to bring the important actors of the world of work together for decision-making. Its long history and access to the global governance realm makes the ILO a multi-level organization that can create an impact from the local to the transnational level. However, these strengths are thwarted by some weaknesses. The dominance of the headquarter and coordination issues related to the tripartism affect the pace of decision making and lead to internal complexity, and the organization is neither good in using its communication channels at the bottom to get themselves known nor at the top of

international decision making. Although labour is an issue that practically affects everyone in the world, the ILO has not been able to develop a meaningful "brand". Further, it lacks recognition for its expertise. It is thus important that the ILO builds on the momentum of current opportunities, which are the scope and universality of the labour topic in the light of the global financial crisis and the Post-2015 Process of the United Nations, but taking into account its limited budgetary means.

Table 1: Overview of the S.W.O.T. Analysis

Strengths	Weaknesses
- Tripartite organization - Local presence worldwide - Long history and unique mandate	- Pace of decision making - Coordination (global scale, constituents) - Dominance of headquarter - Relatively unknown by the general public
Opportunities	**Threats**
- New and committed management with experience (window of opportunity) - Core topics on the international agenda (post 2015) + scope of the topic - Financial crisis (governments need money and get rid of informal economies)	- Loss of importance/ relevance against governments - Uniqueness in standard setting is in danger (private standard setters) - Demand for quantitative performance management - Budgetary constraints

Based on this analysis we conclude that three challenges are in place that must be overcome to make the reform a good one: first, the challenge to manage the tripartite structure in a reform process and secure majority support of highly diverse actors, second the budgetary constraints that set the financial limits to the reform, and third the challenge of building up expertise to become recognized.

III.   The Core Strategic Group

The Core Strategic Group (CSG) is an informal consortium which guides a change process (Dräger, 2014). In our case it consists of the Director-General (DG), Guy Ryder, the three Deputy Director Generals for Management and Reform (DDG/MR), Greg Vines, for Policy (DDG/P),

Sandra Polaski, as well as Field Operations and Partnerships (DDG/FOP), Gilbert F. Houngbo. There might be other members to the 'kitchen cabinet', but these cannot be identified from an outside perspective due to the informal nature of the CSG. The CSG performs well along all three Cs of the ReformCompass.

3.1. Competence

DG Ryder held various senior management positions at the ILO prior to becoming the DG. He further has a workers background. Ryder shows a political and human resource leadership style, while he lacks the strong visionary leadership of his predecessor[1]. DDG/P Polaski is a former US high-level bureaucrat and therefore has direct access to the US administration which is the main donor of the ILO/UN system. DDG/MR Vines is an Australian with a government and workers background an extensive experience in public management and policy reform projects. DDG/FOP Houngbo used to be the Prime Minister of Togo and held leadership positions at the UNDP, hence can be the link to governments of the global South. The CSG hence comprises negotiation, management, and political skills, is well connected with workers and government from countries of the global North and South. There are, however, no obvious links evident between the CSG and the employers.

3.2. Communication

The regular meetings of the executive management groups ensure a fine-tuning of the CSG's communication strategy. The management disseminates documents regarding the reform internally, but these are not available to the authors of this analysis. As the reform process is rather top-down, it is mainly the DG who comments on the reform process and who communicates progress with respect to the policy reform to the outside world.

3.3. Capability to Implement

The executive management team entertains close relations with important stakeholders. The CSG further brought important and powerful actors on board by a process of formalization of the CSG structure. Through regular meetings, the heads of the departments as well as the country directors take part in the decision-making with regard to the reform. It is important to include

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[1] For more information on different leadership styles, see Bolman and Deal (2008).

relevant stakeholders in the process early on to avoid rejection of the reform process. It also appears that opponents and difficult executive members were made redundant to ensure that only supportive individuals can participate in the formalized CSG.

IV. Agenda Setting

This phase of the reform was strong with respect to Competence, while it failed with respect to Communication as it did not create a sense of urgency and did not deliver clear messages. Findings for the Capability are mixed: the possibility of success was given, but not in a short time frame; windows of opportunity could not be translated into quick wins because of the bureaucratic nature of the ILO.

4.1. Competence

The agenda to start the policy and organizational reform of the ILO was set through the election of Guy Ryder as Secretary General of the ILO. Reactions of his election were positive among stakeholders. He was respected because he knew the ILO and was known for his willingness to work with governments, employers and workers alike (ILO, 2012a). However, the policy reform remained vague as he gave no concrete vision on how to achieve the goal he set.

4.2. Communication

From our own knowledge and interviews we conducted with stakeholders and the field we know that the DG fulfilled the expectations to communicate with the different stakeholders on various occasions, through speeches, social media, and personal travels to the regional offices. The involvement in the Post-2015 process aimed to make the reform visible on a global stage (ILO, 2012b). However, since constituents do not, even today, feel the need of urgency of the reform and since there are lots of documents about the organizational reform but little on the policy reform, we assume that the communication concept was insufficient to raise awareness of the need of reform and establish positive interpretation models.

4.3. Capability to Implement

Both internal as well as external windows of opportunity existed that enhanced the prospects of success of the reform. Internally, the election of a new DG gave way to a new policy direction. Externally, windows of opportunity were given through the aftermath of the global financial crisis and the increasing talk about jobs. Further, the Rana Plaza incident in Bangladesh in 2013 produced a public outcry and triggered discussions about labour safety and standards in which the ILO took a more prominent role (ILO, 2013c). Last but not least, the Post-2015 negotiations gave the ILO an opportunity to improve its standing in the global governance arena. The ILO was, however, rather a late-mover and missed the opportunities to get strategically and prominently involved in the Post-2015 process.

V. Formulation and Decision-Making

Although the goals of the actual policy reform are not entirely clear, stakeholders trust in the DG to make the reform happen, which ensures majority support in the formal decision-making structure. The change process is hence performing well with respect to Communication and the Capability to Implement, but has shortcomings in the Competence dimension.

5.1. Competence

The top-down approach to the policy change of the ILO does not seem to allow for sounding out various courses of action. The content of the reform is decided by the DG and presented to the Governing Body (GB) for a vote. A comprehensive time plan for the policy reform is currently missing. Only the organization's Strategic Policy Framework is under scrutiny in the policy reform process. It discusses for example managerial aspects of the policy reform. The GB is "invited to provide its views and guidance on the way forward" (ILO, 2013e). The fundamental Decent Work Agenda from 2008, however, remains unchallenged. The ILO's decision-making process, in theory, allows for involving stakeholders and provides detailed information on the changes in the policy framework. The decision-making culture of the GB, however, does not allow for much discussion of alternatives. Most discussions happen informally outside of the GB and are therefore neither transparent nor documented.

5.2. Communication

Overall, the language of the communication of the reform is very positive, stressing the importance and relevance of the work of the ILO and the opportunities of the reform. The information is also credible as stakeholders trust DG Ryder who, as a worker, has an interest in a strong ILO. The policy changes are communicated carefully and in several steps. It took the GB three session for example to decide to set up a centralized research department (ILO, 2013f, 2013g). In communication with external stakeholders, the ILO stresses the progress made with respect to the organizational reform by arguing that the organization itself has become more efficient/effective/meaningful, while the strategic policy objectives are rarely promoted.

5.3. Capability to Implement

The GB decides over strategic changes in ILO policies and provides support for the reform, e.g. by voting in favor of the Program and Budget Proposal and the Strategic Policy Framework. The current reform concept has been decided upon by the GB. There seems to be no apparent internal negotiation strategy, although bilateral communication between the executive management team and important stakeholders take place informally. The practice of unanimous voting at GB meetings de facto ensures support for a proposal as soon as it is published as a document of the GB. Hence, non-formal communication and an extensive commenting phase allow for a smooth implementation of the policy reform in the formulation and decision-making phase of the policy reform. Joining forces with other international actors are one of the highest priority of the DG. This includes the development of a strategy to engage with private actors worldwide, the engagement in the post-2015 process (ILO, 2012b), and working with other multinational stakeholder initiatives like G20 and the OECD.

VI. Implementation

The reform ought to be implementation in the headquarters (HQ), in the field, and with respect to the policy dimension. The focus of the reform seems to have shifted away from the policy reform, towards the organizational reform of the HQ. Hence, the dimensions of Competence and the Capability to implement are very weak. Communication on the other hand has been implemented quite well.

6.1. Competence

It is difficult to capture the impact of the reform of the HQ on the policy reform. In terms of the Field office reform, the guiding policy is "Global team mode of working", which is in line with the "One ILO" vision and its objective is to abolish "them and us" culture that is prevalent currently at the organization. As such, even though is it too early to evaluate implementation with so far only HQ reform has taken place and the field office reform just starting, it could be said that the policy vision is lacking and too much focus has been put on the structural internal changes.

6.2. Communication

Although extensive dialogue between all stakeholders was held at the early stages of the reform it is questionable whether such a practice is going to be sustained. Currently the management put the consultation process on the reform on hold. The implementation processes moreover is not transparent, since there is a difficulty in finding documents and reports of the ongoing process. Such a process could be seen as top-down with a clear goal to minimize resistance to the implementation plan once it is set and communicated. Overall, communication has been very active and actors been kept in the loop, but in a top-down manner with participation at the beginning and not much happening after the initial implementation stages.

6.3. Capability to Implement

The field offices should feel the effects of the change process as they are the ones executing the organization's work. In this respect, the DG introduced a implementation team early in the process at the town hall meeting. The progress reports of this team are submitted to the Senior Management Team every two months. However, since the team has started its work quite recently it's difficult to assess its performance. Further, little can be said about the Capability to Implement of the policy reform as thee attention shifted towards the organizational reform of the ILO.

VII. Evaluation Process

Apart from having clear structured phases of Agenda Setting, Policy Formulation and Implementation, it is crucial for a reform process to be continuously under evaluation. The core strategic group needs to review its steps starting early in the process to check if the goals have

been met and tasks have been achieved (Dräger, 2014). The ILO generally has a large evaluation system following a results-based management framework (ILO, 2011). Moreover, the Governing Body has made the strengthening of the evaluation process part of its strategy from 2011 to 2015 (ILO, 2011). Considering such an emphasis on evaluations, it can be expected that the current reform will also be constantly reviewed to guarantee a positive profound change.

The ongoing evaluation of the ILO reform is taking basically two forms – an intensive internal process and an external reporting one. Internally, the staff union of the ILO launched a website (www.one-ilo.org) in February 2013 which aims at bringing together all staff being situated in headquarters and the field. Making use of the "One ILO" campaign the website offers the space to learn about the reform and give feedback to the process or other issues concerning the staff. Another part of the internal reform was a large survey conducted in 2013 which was planned at the headquarters and promoted heavily through the different regional offices. The field offices are included in the reform process, but not enough, as many people are still uncertain about the precise content of the reform which indicates that not all levels of staff have been included in the evaluation process. On the external part of the evaluation process, the DG has been presenting regularly updates on the reform process – both in the Governing Body of the ILO and at the International Labor Conference.

Analyzing the evaluation process according to the ReformCompass, the chosen process is concentrating on communication activities, because it clearly facilitates feedback with the relevant actors. On the competence sphere which looks at the effectiveness of the evaluation, we can't give specific answers, because the documents available to us don't specify the internal use of the evaluation methods. We can only say that process is internal, ongoing and including different stakeholders, but the benchmarks and frameworks are unknown. Lastly, the evaluation seems to partly have the capability to implement, as it is early on allowing for the stakeholders to make changes in the process. However, it has also been stated by the DG that the interactions are for communication and not for debating actual changes, making it less likely that the management of the ILO is 'Keeping Options Open' for the reform.

VIII. Conclusions

In sum we conclude that the policy reform is a reactive/adaptive change which is necessary if the organization wants to meet the challenges and threats it is facing. Yet, the pace of the policy reform has been slow.

Table 2: Reform assessment overview

Reform Phase	Competence		Communication		Capability to implement	
Core Strategic Group	Strong	⬆	Strong	⬆	Strong	⬆
Agenda Setting	Strong	⬆	Weak	⬇	Ambiguous	➡
Formulation	Weak	⬇	Strong	⬆	Strong	⬆
Implementation	Weak	⬇	Strong	⬆	Limited information	❓
Evaluation	Limited information	❓	Strong	⬆	Weak	⬇

When taking a final look at the ReformCompass, we can argue that the CSG fulfills all three criteria for making a reform successful. This reflects in the good performance in the agenda setting phase, especially with respect to the Competence dimension. However, it is noteworthy that this phase is rather weak in Communication and Capability to implement. This shortcoming of the reform process has not been corrected, but rather bypassed when starting the formulation of the reform. These problems of the first phase reflects the lacking sense of urgency for a reform.

After the setting of the agenda, the reform was a lot stronger on Communication, but weaker on the other two Cs. There are a number of reasons for this development of the reform. One possible explanation is the leadership style of the DG did not manage to convey his vision into concrete measures with respect to the policy reform. The organizational reform on the other side, received a lot of attention. An explanation for this might be the pressure on the DG to deliver results. Hence, he could present progress on the organizational reform which he had a lot of control over, while the policy reform itself needs much more time. The problems with the Competence and the Capability to implement dimension are also due to the remaining three main challenges (tripartism, lack of recognized authority, and budgetary constraints).

Progress has been made, for example new departments have opened with the aim to strengthen the analytical capabilities of the ILO. However, we also see that the budgetary constraints remain, that the process is not very participatory and thus tripartism has not been converted into an opportunity for the reform. With this situation, the DG seemed to have shifted his focus of the reform completely onto the structural changes, because there it is easier to present quick improvements. This is, however, somehow odd as the organization implicitly prepares through its reorganization for an overhauled policy focus which has not been worked-out yet. We can thus argue that the policy reform has lost its focus which translated into weaker performance with respect to Competence and the Capability to implement after the agenda setting.

Keeping in mind that the reform process is still happening, we would recommend for the CSG to return to the agenda setting and emphasize more the changes in policy changes which have been mentioned as the goals of the reform.

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