

THE DEVELOPMENT OF DIRECT EMPLOYEE PARTICIPATION AND ITS IMPACT ON  
INDUSTRIAL RELATIONS AT COMPANY LEVEL

DIRECT VS/2016/0305

# **DIRECT EMPLOYEE PARTICIPATION IN IRELAND - NATIONAL REPORT**



The project is implemented with the financial support of the European  
Commission – Employment, Social Affairs and Inclusion DG, Budget  
Heading 04.03 01 06

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# EMPLOYEE PARTICIPATION AND ITS IMPACT ON INDUSTRIAL RELATIONS AT COMPANY LEVEL IN IRELAND

## 1. HISTORICAL TRENDS AND DEVELOPMENT OF EMPLOYEE PARTICIPATION

During the 1980's Ireland's economy experienced some turbulence where industrial unrest was fairly widespread. The following was reported in 2016 in 'The Irish Economy'. This commentary may be a little bit biased as it does not point out that Unions wage increases demand was following the high inflation that existed at the time.

*'During the 1980's one of the core economic problems facing the Irish government was minimising strikes and controlling wage inflation. The rise in inflation was widely attributed to individual trade unions using their collective bargaining strength to push up wages at the expense of competitiveness. This policy continued despite the rising unemployment crisis. Over 50% of the workforce was unionised, and 70% of it was covered by some sort of collective bargaining agreement. Crucially, unions were organised in the core export sectors of the economy.*

*What ICTU (Irish Congress of Trade Unions) could offer a weak government during this period was stability. It could refrain from industrial action, negotiate reform and get its members to comply with wage restraint. All of this, however, was dependent upon the ICTU having the legitimacy to be considered a representative of working people. In the 1980s, this legitimacy was generated from having a broad and inclusive membership in both the traded and non-traded sectors of the economy. But throughout the late 1990's and 2000's, trade union membership was increasingly narrowed to the public sector, with the implication that ICTU became a weakened social partner.*

*From 2008-2009, during the economic crisis, the Irish Government eviscerated social partnership and cut public sector pay twice' (Regan, 2016).*

After the Irish Government of the day invited in, amongst other actors, Irish Trade Unions and Irish Employer representatives to engage in a process to agree on a wide range of issues to help stabilise the economy. The outcome of this was the agreement reached in 1987 known as the 'Programme for National Recovery'

(PNR). This was the start of a number of national social partnership agreements that were to follow over the ensuing couple of decades.

The Irish National Broadcaster reported on the first Programme for National Recovery (PNR) and said;

*'Ireland's first social partnership deal in 1987 brought about a new phase in industrial relations. RTÉ News reports on the Programme for National Recovery.*

*A new phase in Irish industrial relations began in 1987 with the negotiation of the first*

*social partnership deal between the government, trade unions, farmers and employers. Led by Taoiseach Charles Haughey, the Programme for National Recovery was an adaptation of the European social dialogue process and agreed modest pay increases and tax cuts for workers over the next three years. Social partnership proved to be a success, resulting in less strikes in the years that followed.*

*RTÉ News reports on the press conference held to announce the deal, which Haughey regards as "a major achievement for the nation" (RTE, 1987).*

The Irish Times carried a potted history of these social partnership agreements between 1987 and 2007, as follows:

### **Programme for National Recovery, 1988-1990**

Forged when unemployment was at 15 per cent and the national debt ratio at 115 per cent, the first partnership deal aimed to chart a way out of economic stagnation.

It set annual pay awards of 2.5 per cent over three years with tax cuts of £225 million and a commitment to build a fair, inclusive society with better public services.

### **Programme for Economic and Social Progress 1991-93**

After the success of the first agreement, the idea of consensus between government, employers, trade unions, farming bodies and the community and voluntary sector - known collectively as the social partners - had by now taken hold. The second deal provided for annual pay rises of 4 per cent in the first year, 3 per cent in the second and 3.75 in the third year. New commitments were made in areas such as tax reform, training and labour legislation.

### **Programme for Competitiveness and Work, 1994-96**

Despite the dour title, the third deal - concluded in February 1994 - came at a time when inflation and unemployment were relatively low. There was a total pay rise of 8 per cent over the three years, though the staging was very different for the public and private sectors.

### **Partnership 2000, 1997-2000**

The economy had already taken off, but it was only after 1996 that the huge jobs boom was fully evident - an achievement that was to see Ireland's unemployment rate fall from the 18 per cent of 1987 to just over 4 per cent. Yet long-term unemployment persisted and there was a growing income disparity. The deal provided for wage increases of 7.25 per cent over its lifetime.

### **Programme for Prosperity and Fairness, 2000-02**

Rapid economic growth had led to infrastructural problems in housing, transport, telecoms and electricity.

The tightening of the labour market had led to immigration and rising wages in some sectors.

With a wider focus than its predecessor, this agreement included provisions on new areas such as housing, transport, urban planning and life-long learning. It included wage increases of 5.5 per cent in the first two years and 4 per cent in the third - double the rate of increase in the previous deal.

### **Sustaining Progress, 2003-05**

Agreed after five months of negotiations, this deal came at a time when economic growth had slowed somewhat compared to previous years and provisions such as a new anti-inflation initiative reflected the new climate.

Unlike five previous agreements, there was no formal commitment to further tax reductions. On pay, it provided for cumulative rises of some 13 per cent over three years.

### **Towards 2016, 2006-07**

Though its provisions on pay spanned just over two years (a 10 per cent rise over a 27-month period), the agreement was framed as a 10-year plan for the fulfilment of a series of economic and social objectives.

Key commitments included linking the lowest social welfare payment to 30 per cent of average industrial earnings, increased enforcement of employment rules and a family carer strategy (Mac Cormaic, 2008).

These Social Partnership Agreements teed-up structures to set-up forms of workers participation.

Also see Appendix 1 The **Structure of Employment Relations in Ireland** (*Brief outline of Irish Industrial Relations*).

Prior to 1989 in Ireland only about 20% of Irish workers were covered by Occupational Safety and Health (OSH) legislation, despite decades of Irish Trade Unions demands for 100%

coverage. In the early 1980's the Irish Government set-up the '**Commission of Enquiry on Safety Health and Welfare at Work**' and its report was published on 14<sup>th</sup> July 1983. Amongst the many recommendations was that employees have the rights to be consulted about risks to them in their workplaces. The Commission report stated,

*"Although the employer has the primary responsibility for occupational safety and health, every employee has an interest in decisions about his working environment. Indeed, one could argue that his is a keener interest than that of anyone else. It is this same employee who has the most at stake. For this reason alone, there must be a mechanism to enable him to defend his interests."* (Barrington, 1983:67).

Workers Safety and Health formed part of the demands from the Trade Unions side during the discussions on the Programme for National Recovery (PNR), 1988-1990. A commitment was given and the Safety, Health and Welfare at Work Act 1989 stated

**13. – (1) It shall be the duty of every employer–**

***(a) to consult his employees for the purpose of the making and maintenance of arrangements which will enable him and his employees to co-operate effectively in promoting and developing measures to ensure their safety, health and welfare at work and in ascertaining the effectiveness of such measures;***

This is one example of Direct Participation (DP) given a statutory basis as a result of social partnership agreements.

These consultation provisions were further strengthened in the review of the Safety, Health and Welfare at Work Act 1989, which was replaced by the Safety, Health and Welfare at Work Act 2005, as follows

***"26. – (1) Every employer shall, for the purpose of promoting and developing measures to ensure the safety, health and welfare at work of his or her employees and ascertaining the effectiveness of those measures–***

***(a) consult his or her employees for the purpose of making and maintaining arrangements which will enable the employer and his or her employees to co-operate effectively for those purposes,***

***(b) in accordance with the arrangements referred to in paragraph (a), consult with his or her employees, their safety representatives or both, as appropriate, in advance and in good time regarding—***

***(i) any measure proposed to be taken in the place of work which may substantially affect the safety, health and welfare of those employees, including measures to be taken under the relevant statutory provisions,” ...***

Under the terms of 'Partnership 2000' (1997-2000) the National Centre for Partnership (NCP) was established. The main role of the NCP was to promote and facilitate the development of enterprise-level "partnership" between employers, trade unions and workers. Its functions included: providing assistance and support to organisations in developing workplace partnership arrangements; disseminating "best practice"; and monitoring developments. In early 2001, the NCP was replaced by a new National Centre for Partnership and Performance (NCPP).

The NCPP was established in early 2001 under the provisions of the national agreement, the Programme for Prosperity and Fairness (PPF) (IE0003149F). It is stated in the PPF under the heading of "Partnership at the level of the enterprise" that: "IBEC and ICTU and the proposed National Centre for Partnership and Performance (NCPP) will work together to develop guidelines to assist enterprises in embarking on and successfully putting in place partnership arrangements. The important role of institutional support in this context is recognised by the parties" (Dobbins, 2001).

In Ireland, we regard 'workplace partnership' as direct participation. The creation of the NCP in 1997 was prompted by concerns at the time that although social partnership was evolving at national level, workplace partnership and advanced forms of work organisation were not very widely diffused at local level. Research findings taken from the University College Dublin (UCD) *National survey of employee relations and human resource practices in Ireland* (see «Collaborative production and the Irish boom: Work organisation, partnership and direct participation in Irish workplaces», WK Roche and JF Geary, Economic and Social Review, 51(1), 1999) revealed that workplace partnership arrangements between employers and unions were rare, as were advanced forms of work organisation

that provide workers with direct participation opportunities (IE9807120F). It was concluded that employers' preferred approach for introducing change is primarily through unilateral management decision-making, particularly in relation to strategic business issues (Dobbins, 2001).

Roche and Geary also concluded that the diffusion of new forms of work organisation in Ireland has been hampered by the nature of the institutional environment. They suggest that in the context of a "voluntarist" industrial relations system, there are few institutional forces promoting worker or union participation at enterprise level, and that firms are free to choose from any number of models of employment relations. As a result, Ireland has a fragmented system of industrial relations, characterised by diversity in employment practices. Ireland's voluntarist industrial relations system is deemed to be less receptive to workplace partnership than many continental European systems, which have institutional frameworks and regulations promoting representative involvement bodies such as works councils (Dobbins, 2001).

### **1.1 A brief overview of main National and Regional initiative that promoted Workplace Innovation in Ireland**

In Ireland, the government together with the Irish Productivity Centre and Social partners launched the first national programme to help companies modernise their work organisation in the spirit of labour-management partnership in 1995. The 3-year New Work Organisation in Ireland programme was rather small effort, intended to create "best practises" for further dissemination. In 1997, the government established a special organisation, re-established 4 years later as the National Centre for Partnership and Performance (NCP), to support workplace change and innovation through partnership. In 2003, the government requested the NCP to establish a special "Forum on the Workplace of the Future", resulting in development of an ambitious National Workplace Strategy 2 years later (Oeij, Rus & Pot 2017).

The strategy was supported by a nationally unique social partnership framework and a strong institutional nexus of state agencies. The strategy aimed to improve innovation capability by increasing the role of workplace innovation in the national innovation system through the adoption of an integrated and coherent approach to workplace and workforce development (Flood et al. 2008 cited in Oeij, et al., 2017). A set of nine inter-dependent and mutually reinforcing characteristics for Ireland's workplaces were defined. As part of the strategy, and delivered by the social partnership agreement Towards 2016, the Workplace Innovation Fund



(WIF) was unveiled in 2007. The WIF was administered by Enterprise Ireland, a state development agency focused on transforming Irish industry. The funds was organized into three strands, with the aim to support workplace innovation in SMEs based on partnership, finance initiatives by the social partners relating to the strategy and implement national campaigns to raise awareness among employers and employees of the strategy (Oeij, et al., 2017).

Favourable political climate for strengthening the role of workplace innovation on the political agenda was aborted by the economic and fiscal crisis post-2007. The NCPP was dissolved in 2010 as part of a wider process of consolidating public service agencies and as a consequence of fragmentation of national social partnership. Between 2007 and 2009 the fund had supported 36 company-based projects. After the abolition of the NCPP and WIF, the promotion of partnership-based workplace innovations has taken place through the efforts of individual trade unions, such as the Service Industrial, Professional and Technical Union (SIPTU) which created the Ideas Institute, offering expert support to companies and their trade union representatives (Oeij, et al., 2017).

Outside of Social Partnership agreements there is a legislative provisions to have Worker Directors in the Semi-State Companies in Ireland. This was provided for in the Worker Participation (State Enterprises) Act, 1977 – 1988

Furthermore, the appointment of worker directors is designed to give workers a role in an enterprise's strategic direction. In Ireland the role of worker directors on Boards is underpinned primarily by the Worker Participation Acts 1977-1988. Candidates are generally nominated by recognised trade unions for election by all employees.

The re-organisation and privatisation of the commercial semi-state companies over the last few decades, has led to a slow erosion of the prevalence of worker directors. In some cases, the position of worker director was replaced by a representative of the employee shareholders (Aer Lingus, Eircom). At the same time, social partnership generated an increased focus on providing for trade union, business, community and farming voices on state boards. In contrast to Northern European states such as Germany, Irish provision for worker directors is limited to State-Owned Enterprises and a number of state agencies. The list of companies covered has grown and contracted over the years as a result of amalgamations, privatisations and closures (TASC, 2012).

The two main arguments generally advanced in favour of worker directors can be

characterised as the 'democratic' and the 'instrumentalist' argument. The former views workers as citizens in the workplace, and worker director provision as part of a wider industrial democracy agenda. The latter argument holds that involving workers in the decision-making process enhances a company's performance and helps mitigate industrial relations conflict. Relatively few econometric studies have been carried out to assess the benefit, or otherwise, of worker directors to enterprise performance, and what studies have been carried out relate primarily to Germany. Recent reviews of these studies, by the European Trade Union Institute and the Biedenkopf Commission established to examine the issue in Germany, found that the balance of evidence is inconclusive and no causality could be established. Given that worker directors are less common in Ireland, there has been relatively little research and what there is has tended to focus on partnership (at both enterprise and national level) and on employee share ownership (TASC, 2012).

There is never any shortage of detractors when it comes to any forms of workers' rights or progressions within Irish workplaces, which might explain somewhat why there is not more progress with direct participation in Ireland. One example which was carried in the largest national newspaper the 'Irish Independent'

*"In response to SIPTU's one-hour work stoppage at airports in 2003, the Chief Executive of the Chambers of Commerce of Ireland, Mr John Dunne, called on the Minister for Transport, Mr Seamus Brennan, to exclude worker directors from the new independent airport boards.*

*Mr Dunne justified his call on the grounds that given the "blatant sectional interest" being demonstrated by SIPTU, that it is "legally unsafe to retain worker directors on airport boards."*

*Not only do I support Mr Dunne's call (but for somewhat different reasons), I would go further and ask ALL Government ministers not to appoint elected worker directors to State boards. My reasons for this are that elected worker directors have such an overwhelming conflict of interest, that it is difficult, if not impossible, for them to carry out their duties as directors" (Independent, 2003).*

We believe that precious little has, in overall terms, been achieved with regard to direct participation in Ireland, during the period of Social Partner where from the experiences of IDEAS Institute there is rich potential for a diffusion of DP, particularly in the area of Workplace Innovation (WI). The benefits would be significant for employers, employees and society generally by successfully

creating the environment for joint cooperation within workplace partnership / workplace innovation / direct participation.

## 2. DIRECT PARTICIPATION IN IRELAND

### a. The most common/popular forms of Direct Participation

The essence of direct participation can be better understood by contrasting it with the other forms

of involvement and participation listed in Table 1.

In contrast to communications and financial participation, i.e. profit sharing and share ownership, the key distinguishing features of direct participation are consultation and delegation. Profit sharing and share ownership may be an integral feature of a participative approach, but do not necessarily involve consultation with or delegation to employees. In contrast to indirect or representative participation, the word 'direct' is crucial: whereas indirect participation takes place through the intermediary of employee representative bodies, such as works councils or trade unions, direct participation involves employees themselves (Sisson, 2000).

**Table 1.**

#### Types of involvement and participation

<b>Communications</b>	
<b>Financial participation</b>	<i>Profit sharing Share ownership</i>
<b>Direct participation</b>	<i>Consultative Delegative</i>
<b>Indirect or representative participation</b>	<i>Joint consultation Co-determination Collective bargaining Worker directors</i>

**Source:** Sission Keith, 2000 *Direct Participation and the Modernisation of Work Organisation* pg. 2

Both consultative and delegative participation can involve individual employees

or groups of employees. The two forms of consultative participation can be further subdivided. Individual consultation can be 'face-to-face' or 'arms-length'; group consultation can involve temporary or permanent groups. This gives us six main forms of direct participation regardless of the particular label applied (Sisson, 2000). The six forms are set out in table 2.

**Table 2.**

**The main forms of direct participation**

Individual consultation	<p><i>'Face-to-face'</i>: arrangements involving discussions between individual employee and immediate manager, such as regular performance reviews, regular training and development reviews and '360 degree' appraisal.</p> <p><i>'Arms-length'</i>: arrangements which allow individual employees to express their views through a 'third party', such as a 'speak-up' scheme with a 'counsellor' or 'ombudsman', or through attitude surveys and suggestion schemes.</p>
Group consultation	<p><i>'Temporary' groups</i>: groups of employees who come together for a specific purpose and for a limited period of time, e.g. 'project groups' or 'task forces'.</p> <p><i>'Permanent' groups</i>: groups of employees who discuss various work-related topics on an ongoing basis, such as quality circles.</p>
Individual delegation	<p>Individual employees are granted extended rights and responsibilities to carry out their work without constant reference back to managers – sometimes known as 'job enrichment'.</p>
Group delegation	<p>Rights and responsibilities are granted to groups of employees to carry out their common tasks without constant reference back to managers – most commonly known as 'group work'.</p>

**Source:** Sission Keith, 2000 *Direct Participation and the Modernisation of Work Organisation* pg. 3

It is clear from what has already been stated that there are many forms of “direct participation” presently in operation. These may, or may not, be perceived to deliver any appreciable tangible benefits to the organisation itself. It is interesting to note that current management philosophy reflects a greater and growing awareness of the possibilities such an approach might offer, and the real benefits that can accrue subsequently to the organisation. This is especially relevant in the current climate of intense global competition, where every company is striving to be “lean”, competitive and effective in order to ensure long-term survival.

**b. The main issues covered by the different forms of direct participation in Ireland**

Delegative Participation: means that individual workers assume greater autonomy in their work. Within the broad parameters of the debate on task participation, the growth of interest in teamworking emerges as a major theme with significant implication for industrial relations. The concept of teamworking has its traditional roots in movements designed to improve the quality of working life (Morley et al. 2004 cited in Wallace, Gunnigle, McMahon & O’Sullivan., 2013). While these early developments met with some support in countries such as the US and Scandinavia, they had little impact in Ireland (Geary 1996, 1999 cited in Wallace, et al., 2013). However, in recent years there has been a significant increase in teamworking in Ireland (with employers now the key instigators), often in pursuit of organisational change. This contrast with earlier initiatives that workers/trade union driven and were designed to improve the quality of employees’ working life.

Teamworking is presented as an advance form of delegative participation, whereby workers make key decisions such as those concerning the selection of team members, selection of team leaders and the allocation of team roles and task. In 1996, Geary argued that the teamworking initiatives in Ireland were few in number and largely efficiency driven rather than quality of work life/people driven. He further noted that Irish developments involved ‘tinkering at the margins’ of existing work practices and were confined to a handful of foreign-owned companies (Wallace, et al., 2013).

A survey conducted by EPOC (Employee direct Participation in Organisational Change), showed that between 30% and 50% of workplace practised each of the forms of direct participation as depicted in table 3. The result also suggests that the new form of work organisation are extensive (Sisson, 2000).

**Table 3****The main incidence of the main forms of direct participation by country (in %)**

	Individual consultation: 'face-to-face'	Individual consultation: 'arms-length'	Group consultation temporary groups	Group consultation permanent groups	Individual delegation	Group delegation
Ten-Country average	35	40	31	30	55	36
Denmark	27	45	30	28	57	30
France	52	33	40	34	54	40
Germany	20	38	26	31	64	31
Ireland	39	22	36	28	62	42
Italy	32	42	42	21	44	28
Netherlands	38	73	26	35	59	48
Portugal	25	18	20	25	26	26
Spain	30	20	23	23	40	10
Sweden	29	45	34	29	69	56
United Kingdom	52	40	33	41	53	37

**Source:** *Sisson, K., 2000.pg.13. Direct Participation and the Modernisation of Work Organisation. Ireland: European Foundation for the Improvement of Living and Working Conditions.*

A research/survey conducted by National Centre for Partnership & Performance showed that "Public sector workers are much more likely to report the presence of direct participation in their workplaces (53 per cent) than are private sector workers (42 per cent) and public sector workers are also much more likely to report that they are personally involved in such participation. Workers in the manufacturing sector are most likely to report the presence of such arrangements (59 per cent) and of personal involvement (47 per cent) followed by workers in the education sector.

*Construction sector workers are least likely to report such participation” (O’Connel, et al., 2009:51). This is however depicted in table 4*

**Table 4**

**Incidence of direct participation arrangements and whether respondent is directly involved, by organisational characteristics**

<b>Industry</b>	<b>Organisation has participation %</b>	<b>Personal participation%</b>
Public	52.9	42.5
Private	42.1	33.3
Other production	59.4	47.1
Construction	25.8	21.3
Wholesale and retail	32.4	22.3
Hotels and restaurants	28.9	26.6
Transport, storage, communication	39.7	27.8
Financial and other business activities	50.9	41.3
Public administration and defence	49.0	37.5
Education	4.5	45.9
Health	48.0	38.2
Other services	30.6	27.3
1–4 employees	25.9	21.7
5–19 employees	37.6	31.9
20–99 employees	43.7	35.6
100+ employees	58.8	44.0
<b>Total</b>	<b>44.5</b>	<b>35.3</b>

**Source:** O'Connel, P., Russell, H., Watson, D. & Byrne, D., 2009. *National Workplace Survey 2009 - The Changing Workplace: A Survey of Employees Views and Experiences*. National Centre for Partnership & Performance, 2(7).pg. 52

Furthermore, National Centre for Partnership & Performance survey also showed that

*"The incidence of direct participation arrangements increases with firm size, as does personal*

*involvement. Table 5 shows professionals are most likely to report both the presence of*

*direct participation in their workplaces, and their personal involvement in such working*

*arrangements. This reflects the organisation of work shared by many professionals. Craft workers, on the other hand, are least likely to report such working practices. Permanent workers and those working full-time are more likely than temporary or part-time workers to report the presence of, or personal involvement in, direct participation (O'Connel, et al., 2009:51).*

**Table 5**

**Incidence of direct participation arrangements and whether respondent is directly involved, by job characteristics**

Industry	Organisation has participation%	Personal participation%
Managers and administrators	57.1	49.5
Professionals	58.5	50.5
Associate professional and technical	49.8	38.4
Clerical and secretarial	46.5	32.3
Craft and related	28.2	23.1
Personal and protective services	30.6	25.0
Sales	29.9	20.5



Plant and machine operatives	51.8	39.8
Other	43.7	34.9
Contract		
Permanent	46.1	36.7
Temporary/casual	35.4	27.6
Full-time	46.8	38.2
Part-time	38.0	27.3
<b>Total</b>	<b>44.5</b>	<b>35.4</b>

**Source:** O'Connel, P., Russell, H., Watson, D. & Byrne, D., 2009. *National Workplace Survey 2009 - The Changing Workplace: A Survey of Employees Views and Experiences*. National Centre for Partnership & Performance, 2(7).pg. 52

Has direct participation of the workforce a part to play in improving overall organisational performance? Can the knowledge, skills and talents of the entire workforce be better harnessed to provide the competitive edge to ensure future continued success in the market place? Failure to respond quickly, and to adapt and change in a timely fashion can have serious consequences. Dr Richard Keegan starkly summaries these dangers, and goes on to issue a serious warning, “*we must change, develop and improve, if we are to ensure survival and growth into the future*” (Keegan & O’Kelly, 2004). He then suggests how this change might be made so that organisational performance can be improved, “the mental capacity of our people to solve problems and improve performance, is the key to sustained competitiveness. We need to maximise the potential of our people to deliver improved productivity using proven tools and techniques” (Keegan & O’Kelly, 2004). There is now clear evidence emerging that supports this approach as highlighted in the 3<sup>rd</sup> European Company Survey on Direct and Indirect employee participation conducted by Eurofound in 2015, which states “In general, more extensive forms of direct worker participation are positively related to an accumulation of beneficial outcomes in establishments” (Eurofound, 2015). This is further endorsed by national research that has found that “*organisations that promote greater employee engagement and involvement in the organisation of work appear to also adopt more innovative work practices*” (O’Connel, Russel, Watson & Byrne, 2009). This in turn “*provides a strong indication that innovative*

*workplaces are associated with certain forms of employee engagement – participation, consultation, communication and training” (O’Connel, et al., 2009).* Thus, the concept of establishing “innovative workplaces” would appear to be the next iteration in development of direct participation. So, what exactly is this concept of workplace innovation ---- which would now appear to be the latest stage in the on-going development of direct participation?

### **3. The Impact of Direct Participation**

“Workplace innovation is about getting the best from an organisation’s key resources (people, processes, and relationships) to deliver on organisational objectives and improve the quality of work for employees. It is about enabling new ideas to be generated from within the organisation through high levels of collaboration that generate alternatives to ‘business as usual’.

Innovation is often associated with invention, automation and research and development. While these are important, workplace innovation is much broader, focusing on organisational, technical and social innovation to drive value creation and deliver rewarding work.

Workplace innovation is, therefore, an outcome and a process. The outcomes can be new ideas about products/services, processes, policies and behaviours. The process of innovating arises out of how organisations and tasks are designed, how people are managed, how decisions are made, how technical processes interact with non-technical processes and how organisations interact with their external environments and with key stakeholders such as customers, clients, suppliers, competitors, communities and society.

As an outcome and a process, innovating in workplaces involves an ongoing and self-reinforcing loop (or virtuous circle) - It’s about creating the good working conditions and environment for organisations to engage fully with their employees to engage fully, and in turn, create spaces for employees to engage with the organization” (<http://www.innovatingworks.org.uk>, 2014).

## 4. Other forms of employee participation in Ireland

### Financial Participation in Ireland

Previous research showed that in Ireland, financial participation schemes are widespread in Ireland in particular in large and multinational companies; and that there has been a development towards more elaborate government support for financial participation schemes which started in the 1980s, resulting in employer and trade union organisations becoming involved in the discussion. These schemes has been welcomed by both unions and employee representatives as a form of financial involvement and a support to partnership initiatives at the enterprise level Wilke, Maack and Partner 2014).

The national partnership agreement (Programme for Prosperity & Fairness), which was concluded in 2000, contains a number of provisions regarding the enhanced diffusion of employee financial participation at enterprise level. Thus, the agreement includes options for innovation in pay determination and pay practices, including employee share ownership and profit-sharing. There is a “partnership clause” that provides for the voluntary implementation of financial participation: “The Government and the social partners acknowledge the role of Employee Share-Option Trusts (ESOTs), gain-sharing, profit-sharing and other financial employee incentives in developing and deepening partnership and in increasing performance and competitiveness”. Moreover, a consultative committee comprising the Irish Business and Employers Confederation (IBEC), the Irish Congress of Trade Unions (ICTU) and appropriate government departments and agencies was set up to give impulses with regard to foster financial participation and to prepare proposals on corresponding initiatives, essentially concerning taxation subjects (Wilke, et al., 2014).

In the last two decades before the advent of the economic and financial crisis in 2008/2009 the socioeconomic conditions in Ireland had changed fundamentally. A series of challenges emerged from the preceding economic boom, including the urgent need for new remuneration systems, such as profit-sharing and gain-sharing. The Irish government and the social partners recognised the need to introduce new forms of financial participation. It was thus accepted that there should be more emphasis on promoting new forms of financial participation at enterprise level. Up till the onset of the economic and financial crisis, a favourable tax regime with generous tax incentives from the state was an essential factor

in promoting the rise of approved profit-sharing schemes (Wilke, Maack and Partner (2014) Country reports on Financial Participation in Europe. Prepared for [www.worker-participation.eu](http://www.worker-participation.eu). Reports first published in 2007 and fully updated in 2014).

However, according to the findings of the Annual Economic Survey of Employee Ownership in European Countries in 2012 62.5% of the largest companies in Ireland offered broad-based (share) participation schemes for their whole workforce (European average 52.8%). Also, according to the results of the “European Company Survey”, a survey of more than 27,000 HR managers in Europe conducted in 2009, 11% of private-sector Irish companies with 10 or more employees offer their employees a profit-sharing scheme. Compared with other European countries, this is a slightly below-average figure (the 30-country European average is 14%). The prevalence of employee profit-sharing schemes does however rise in line with company size. 10% of companies with 10-49 employees, 13% with 50-199 employees, and 22% of companies with more than 200 employees have a profit-sharing scheme. The survey also shows that 6% of Irish private-sector companies offer their employees share ownership schemes (European average: 5%). Furthermore, according to the results of the European Working Conditions Survey (EWCS, 2010), based on a questionnaire of employees, the level of incidence of profit-sharing schemes in Ireland is 5.7% and that of employee share ownership 2.4%.

The National Workplace Surveys carried out in 2009 showed the following distribution of employee remuneration and participation systems in Ireland

**Table 6**

	<b>Public sector (%)</b>	<b>Private sector (%)</b>	<b>Total</b>
Any reward system	72.1	64.8	66.4
Regular increments	60.0	40.7	46.9
Share options, profit-or gain sharing	2.8	21.0	17.0
Performance-related pay	6.1	21.5	18.2

Non-monetary incentives	2.0	13.0	10.6
Bonus schemes	3.3	36.9	29.5

**Source:** <https://www.worker-participation.eu/National-Industrial-Relations/Countries/Ireland/Financial-Participation/Basic-Data-Employee-Share-Ownership-Profit-Sharing#note3>

### **The following are the key financial participation schemes in Ireland:**

An approved profit-sharing scheme (APSS) is an all-employee share model which provides a method of offering company shares to employees. The aim of an APSS is to encourage share ownership at all levels within a company. Profit-sharing concerns the sharing of company profits by providing employees with a variable income, added to their fixed income, which is directly connected with profits. Profit-sharing schemes may be share-based (i.e. shares are usually placed in a fund) or cash-based (i.e. immediate payment). Such schemes are mainly to be found in the software / information technology sectors.

In 2008 10% of private-sector employees participated in APSS schemes. APSS schemes are more widespread in large companies in comparison with smaller companies (Wilke, et al., 2014).

Employee share ownership plans (ESOPs) play a role especially in the transfer of company shares to potential successors, the employees or external investors. Company shares can in this way gradually come into up to 100% employee ownership. The basic idea is that the employees do not necessarily have to provide their own capital, because the sale of the purchase of the company by the workforce takes place in several steps and is financed by profit-sharing on top of wages. If a larger proportion of company capital is to be taken on at short notice credit financing is generally used and serviced from company profits.

The shares are financed from payments by the company (out of profits) to an independent company or trust fund (ESOP trust) that has to be established or from bank loans to the fund serviced by the company. The fund holds the shares in trust for the employees.

Gainsharing, which is similar to profit-sharing commonly involves a group incentive payment system whereby gains arising from quality, productivity, customer service or cost-reduction improvements over a particular time period are shared with employees. Thus, gainsharing directly rewards employees for

outstanding performances / improvements in operational efficiency above a pre-determined target based on sharing financial gains. Criteria that may be used to determine gain-sharing bonuses also could include waste levels, defect rates, on-time deliveries, customer complaints, etc. There is no standard gainsharing plan which can be introduced into every single company. Furthermore, gainsharing is linked to an explicit measurement and is not universally beneficial (Wilke, et al., 2014).

A “save-as-you-earn scheme” (SAYE) is an all-employee share scheme which can be built up by a savings plan with contributions (allocation of stock options, part of wages and/or cash savings) from employee and/or employer. The amount of participation can be between 12 and 500 euros a month. SAYE schemes are most common in the UK and in Ireland. Employees will be given the right to purchase a certain number of company shares at a fixed price at a particular time. These shares will be bought by using money the employees have saved under the SAYE arrangement. Generally, SAYE schemes require approval from the Revenue Commissioners. In cooperation with an authorized savings institution, employees save a fixed sum of money every month for a defined period of time. At the end of the savings period employees can either acquire shares of the company at a pre-determined price or take the cash. There were 125 SAYE schemes operating in Ireland in 2008. In terms of participating employees, these are the most widespread schemes (Wilke, et al., 2014).

Employee share ownership trust (ESOTs) are used as a mechanism to enable shares to be acquired, held and allocated to employees. ESOTs can raise a loan or borrow to acquire shares in the company that established it. This system is very similar to the American leveraged employee stock ownership plan whereby money can be borrowed for the purchase of employer securities or shares. ESOT schemes are not particularly widespread and are usually used in connection with APSS schemes. (Wilke, Maack and Partner (2014) Country reports on Financial Participation in Europe. Prepared for [www.worker-participation.eu](http://www.worker-participation.eu). Reports first published in 2007 and fully updated in 2014.) (Wilke, et al., 2014).

### c. Indirect (representative participation)

Irish industrial relations came late to the participation debate. Kelly and Hourihan (1997) -note that ‘the only opportunity to participate in Ireland was through the collective bargaining processes. However, by the mid-1960s, with the manifest success of the Germany experience and the prospect of entry into the ‘Common

Market', interest had been aroused in the concept. In 1967, ICTU held a conference on the topic and as a result adopted a position in favour of promoting industrial democracy (Wallace, et al., 2004).

Developments at a European level dealing with both board-level participation and works councils, raised the possibility of the extension of European-type participation in Ireland. In the event, most activity in this sphere was confined to the state sector. In 1997 the Worker Participation (State Enterprises) Act was passed and this was subsequently augmented by the Worker Participation (State Enterprises) Act 1998. This legislation provided for the appointment of worker directors to the boards of seven semi-state companies.

The legislation however, requires that candidates for election as worker director must be nominated by a trade union or other body, such as staff association or equivalent that is recognised for collective bargaining purposes in the organisation concerned. The electorate comprises full-time and regular part-time employees of the organisation (subsidiaries in particular circumstances). Once elected, worker directors hold office for a four year term and have equal status to other directors (Wallace, et al., 2013).

Furthermore, just under a third of employees in Ireland are union members. There is only one union confederation, the ICTU, but individual unions, in particular the larger ones, have considerable power and influence. There is no statutory system for permanent employee representation in Ireland. Those who work in unionised workplaces – about half the total – have representation through the union. New procedures have been introduced as a result of the EU directive on information and consultation, but they may not make much difference. In most cases in Ireland, employees are either represented through their unions, or not represented at all. While only around a third of employees are union members, the 2009 National Workplace Survey, looking at employee responses, found that just under half of all employees (47.3%) were in workplaces where there was a union or staff association presence: 36.3% in the private sector and 87.2% in the public sector (ETUI, 2016; O'Connell, et al., 2009). This is depicted in table 7, also, table 8 shows the largest trade unions in the Republic of Ireland in 2010.

**Table 7****Trade union presence and membership by organisational characteristics**

	2003		2009	
	TU/SA in Workplace %	TU/SA member %	TU/SA in workplace %	TU/SA Member %
Public	90.7	68.8	87.2	68.7
Private	43.6	30.4	36.3	24.9
Manufacturing Industry + Primary	59.2	40.0	47.4	33.1
Construction	43.1	33.7	30.8	22.5
Wholesale retail	38.9	28.8	35.0	21.6
Hotel restaurants	23.8	13.0	15.1	8.9
Transport, Communication	63.3	50.3	59.6	46.2
Finance + Other Business Service	41.1	27.6	35.8	19.8
Pub Administration and Defence	90.5	72.1	90.7	69.3
Education	73.8	47.8	77.3	60.0
Health	67.6	52.8	58.7	50.8
Other Services	24.8	16.5	25.5	17.6
Size of local unit				
1-4	17.9	14.0	19.8	13.5
5-19	35.8	26.3	30.8	23.2
20-99	58.4	40.9	50.0	37.1
100+	75.0	54.7	68.8	48.9
<b>All</b>	<b>52.5</b>	<b>37.7</b>	<b>47.3</b>	<b>34.3</b>

**Source:** O'Connell, P., Russell, H., Watson, D. & Byrne, D., 2009. *National Workplace Survey 2009 - The Changing Workplace: A Survey of Employees Views and Experiences*. National Centre for Partnership & Performance, 2(7).pg. 41



**Table 8.****Largest Trade Unions in the Republic of Ireland 2010**

	Trade Union Membership (% of ICTU membership)
<b>Craft</b>	Technical, Electrical and Engineering Union (TEEU) 39,000 (6.7%)
	Union of Construction and Allied Trades and Technicians (UCATT) 8,750 (1.5%)
	Building and Allied Trades Unions (BATU) 4,000 (0.7%)
<b>General</b>	Services, Industrial, Professional and Technical Union (SIPTU) 199,881 (34.4%)
	Mandate (The Union of Retail, Bar and Administrative Workers) 40,286 (6.9%)
	Unite 31,594 (5.4%)
<b>White Collar</b>	Irish Municipal Public and Civil Trade Union (IMPACT) 63,566 (10.9%)
	Irish Nurses and Midwives Organisation (INMO) 40,100 (6.9%)
	Irish National Teachers' Organisation (INTO) 31,363 (5.4%)
	Communications Workers Union (CWU) 19,550 (3.4%)
	Association of Secondary Teachers Ireland (ASTI) 18,025 (3.1%)
	Irish Bank Officials' Association (IBOA) 16,002 (2.8%)
	Teachers' Union of Ireland (TUI) 15,800 (2.7%)
	Civil and Public Service Union (CPSU) 13,775 (2.4%)
Public Services Executive Union (PSEU) 12,000 (2.1%)	

Source: (Wallace, et al., 2013:52)

## Survey 1

### 5. Survey Summary; Main characteristics of DP in Ireland

In order to establish the real levels of direct participation that currently exist within Irish industry, a survey using the questionnaire that has been developed by the "DIRECT" project team was conducted. The questionnaire was used in conjunction with a structured interview approach to fully explore the ten questions listed. The participants included: -

Senior production managers from the manufacturing sector,

Tool design consultant, who provides specialist technical support and expertise to the manufacturing sector

Training managers

Union officials and representative from the services sector.

All questions and the responses are detailed below.

i. **What are the main characteristics of DP in the country?**

- Honesty, openness and confidence by all parties.
- **No response**
- Talking to government agencies, business associations for guidance, support, funding and lobbying purposes.
- Voting, lobbying, being in work, education on a social activity and voluntary community work
- Bord Ná Mona are leading edge in this regard. We have 4 worker directors on the Board.

**Summary:** The varied nature of the responses appears to indicated there is not a clear understanding by participants of what is meant by the term "direct participation"

ii. **How extensive is the diffusion of DP in the country in general, and in each of the two sectors (manufacturing and services) in particular?**

- It has become a way of life, workshop based environment promotes DP
- Low diffusion
- Very common in design engineering – must talk to client, suppliers, craftsmen and workforce.
- More prominent in services than manufacturing (i.e. local services). DP in manufacturing depends on culture within the organisation.

Impossible to quantify

- From my experience I would think it is limited - confined mostly to big MNCs.

**Summary:** Personal experience of DP appears to be quite different and levels of exposure seem to vary and appears dependent on the sector, company size and culture.

iii. **What particular forms of DP are in evidence – consultative / delegative, individual / group?**

- Steering committee Area/ Problem focus groups
- Work teams – individual approaches workshops
- Consultative most common with both individual and groups.
- Consultative widespread with community groups. In manufacturing sector, often DP is a PR exercise i.e. support for a local charity.
- Widely used – e.g. teamwork, “6 Sigma” programmes/ lean CI processes in place.

**Summary:** Personal exposure to DP appears to be quite different --- and some participants believe companies use it solely as a vehicle for generating process improvements. It may also be seen by some as simply as PR exercise.

iv. **What are the most common or popular forms of DP?**

- Steering committee Group
- Teamwork – work council
- Very important for discussion of particular issues – especially Health and Safety
- Voting/ Trade union activity/ employee, employee councils, surveys and questionnaires.
- Widely used – e.g. teamwork, “6 Sigma” programmes/ lean CI processes in place.

**Summary:** Personal experience of DP appears to be quite varied and the emphasis may be quite different depending on the sector, company size and culture. It may be used to encourage teamworking or to focus on specific important issues, such as Health & Safety matters.

v. **What levels and categories of employees are covered by DP?**

- All
- All levels in company group
- Everybody – but especially people on the shop floor who really know the

### problems and outcomes

- Unionised workers (Density in Ireland is approximately 40%, all types of workers covered who choose Trade Union protection)
- All levels – from managers down to general operatives

**Summary:** There appears to be universal agreement that most workers are involved in DP

#### vi. **What are the main issues covered by the different forms of DP?**

- Operations, Productivity Employee Benefits
- Problem solving – improvement exercises – working organisation
- Health and Safety, Technical problem solving, Good functional design outcomes
- Crisis situation, system not working and need to find a better system of work.
- Focus is to create teamwork environment, get people involved and stay competitive.

**Summary:** A wide range of issues appear to be covered by different forms of DP involvement. Seeking employee involvement to resolve difficulties/improve processes appears to be the common denominator.

#### vii. **What are the reasons for introducing DP (e.g. management initiative, demands from employees or their representatives, a collective agreement)?**

- Need to work together to sustain/grow industry
- Need to be able to compete commercially
- Very important for discussion of particular issues – especially Health and Safety
- Crisis driven or both sides accepting that things need to be done differently in the future.
- To increase participation, raise awareness, all ultimately focussed on being competitive in the market place.

**Summary:** The need to 1) be competitive in the market place and 2) continue to sustain/grow – are clearly identified as major reasons for DP introduction.

#### viii. **How does direct participation relate to indirect participation? What are the different types of decisions and different levels of decision-making under each approach?**

- All aspect/ levels of Business are considered in decision making process.
- Indirect – Business decisions investments + Direct – All day-to-day processes running of factory
- People involved in any process must be consulted when it is intended to introduce process changes and modifications. It is not just good design engineering practice but common sense!!
- Indirect in a one-way process; direct is two way communication. Management decision made and communicated by IDP and collective agreements secured under DP.
- Decision making and consequences need more worker input.

**Summary:** Participants indicate that different types of decisions and levels of decision-making should/must be part of the DP process. How widespread is this in reality?

ix. **Are direct and indirect forms of employee participation mutually supportive? Do they co-exist and complement each other, or do they conflict with each other?**

- Openness level of Senior Management supports this
- Co-exist and complement each other when training/management of the processes are in place
- Any form of participation is beneficial. Common sense is needed to evaluate the information gathered using process.
- NO – but can be depending on the issue at hand.

YES - they can exist and complement each other but can also conflict –

MAYBE- depends on impact of decision leader.

- Can work together – management need to make strategic business and commercial decisions

**Summary:** Any form of participation appears to be welcome, but opinion is divided about what issues should be considered for DP application.

x. **Does DP reduce the influence of trade unions and other forms of representative democracy?**

- Yes, it is a collective approach
- No, it strengthens
- No, would not be seen as reducing the influence of Trade Unions – their influence/presence in small design companies would be minimal anyway.
- US MNC use DP process to dilute influence of TUs. The process can provide

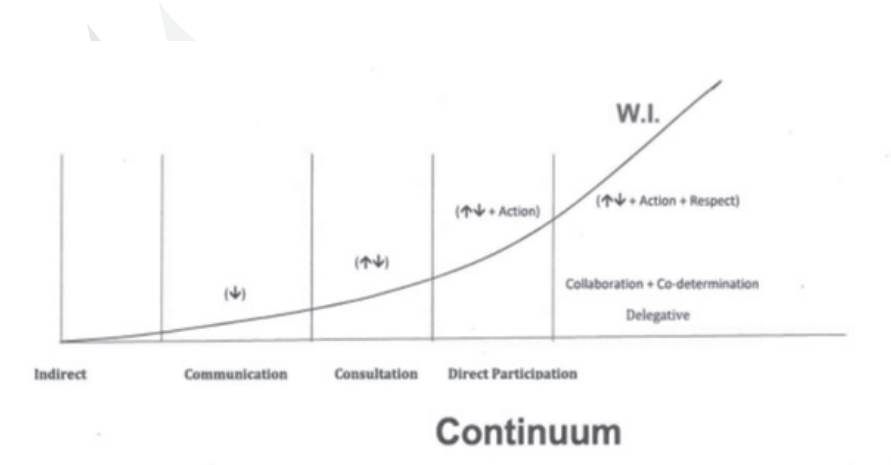
TU with another “Lever” if used properly/successfully.

- If it is working well, it should reduce influence of TUs.

**Summary:** Opinion is clearly divided on this key issue. Do large corporations use DP to reduce the influence of TUs on their workforces? Do TUs see DP as another process that can be used to enhance pay and conditions for their members? This is an interesting point requiring additional thought and study.

**Survey Conclusion:**

Our samples were with companies we work with, therefore they were already aware of DP. The results also indicate some confusion as to what exactly it is. Despite this, there is a better understanding of its potential to harness the skills and knowledge of the workforce to deliver improvements and so enhance overall competitiveness of the organisation.



The work carried out by The IDEAS Institute has enabled us to develop the qualitative Employee-Participation Curve shown above. The responses of the participants are likely to be a reflection of their own positions and experiences within the continuum, as outlined. This curve shows the desired trajectory of the direct participation process. The concept of Workplace Innovation incorporates the features of an advanced DP state where collaboration and co-determination are encouraged; where trust and respect are universal, and communications are open and honest.

## Survey 2

### **6. The second survey undertaken by the project team allowed us an opportunity to test the reality of DP in two Irish companies, namely Fleetwood Paints and Bord na Móna.**

The results of the structured interviews undertaken are outlined below.

Fleetwood Paints is a small family owned paint manufacturer located in a rural location in County Cavan. The company started out making paint brushes in Dublin in 1950. They felt that that the paint available then did not match the quality of their brushes, so they started making paint themselves! As the business grew, it was decided in 1971 to open a new paint making facility in County Cavan. This is where they are still located and a total of 115 total workforce is employed currently.

Until 2012 there was a traditional adversarial approach in operation and a low trust environment resulted. In 2012 a major re-structuring took place with resulting job losses. This difficult process was not managed well and an even lower trust environment resulted. However, a new progressive management team was appointed at that time and they were prepared to explore new methods of working and to start rebuilding trust.

In 2016 The IDEAS Institute were invited in, on the recommendation of Enterprise Ireland, to introduce Workplace Innovation. As preparation for this, meetings were held with all staff to acquaint them with WI, how it works and what exactly is involved in this process. This process was seen as part of the new deal in the plant --- and people, somewhat hesitantly at first, agreed to engage and participate in the process.

A Joint Union-Management Steering Team (JUMST) was formed to oversee and provide a strategic overview of the entire process. This consisted of

- Managing Director,
- Senior managers,
- Shop stewards, and
- Workers from the Laboratory, production Area and Warehouse.

They attended 6 days of intense and formally accredited team-building training.

The outcomes were: -

The current situation (“warts and all”) is understood and agreed

- A vision for the future of the plant that seeks through investment and meaningful employee involvement (DP) to improve overall performance,

increase productivity and so remain competitive in a very difficult market.

- To encourage the entire workforce to engage in the process
- A comprehensive functional JUMST with a clear and agreed purpose, aims and objectives.

This work is currently in progress. All factory staff have completed a 2 day “Introduction to Teamwork” course and currently 3 teams (33 people) are attending formal accredited FETAC/QQI/EQF Level 5 teamwork training.

This company has come from a difficult place, but with strong management and trade union leadership, and a clear joint vision for the future, they have embarked on a continuous improvement journey that will lead to improved competitiveness and subsequent increased business. This is a real example of direct participation in action.

Bord na Móna (BNM) is a semi-state company founded in 1946 to develop the peatland in the midlands of Ireland. This involved the mechanisation of the harvesting of peat for use as a solid fuel for domestic use and electricity generation purposes.

Modern industrial/commercial pressures and environmental issues have led to a steady decline in his industry and BNM are currently diversifying into renewable energy development, smokeless domestic fuels, biomass development, waste recovery, horticulture, eco-tourism and community amenities. While peat will no longer be harvested for supply of power plants, they will continue to harvest peat for their horticulture and fuel businesses.

BNM has over 2000 employees spread over many locations in Ireland, UK and USA. The workforce is strongly unionised with a very traditional adversarial culture. While the company was originally set up to provide a local cheap source of fuel and to provide badly needed jobs in the midlands, it now has to become a diversified, multi-national commercially aware enterprise. This is not an easy transformation to make.

The company has a long tradition of DP. It has

- 4 work-directors on the company board
- Strong inter-union co-operation ie a “Group of Unions” forum
- Annual employee engagement surveys
- Regular meetings between management, groups and individuals
- Local teams established with a Performance Related Payment (PRP)



schemes

However, our work in BNM indicates a very hierarchical decision-making structure in place that continually frustrates local team and team leaders as they strive to be innovative. Some quotes from recent training session serve to highlight this important issue;

“I hope decisions can now be made at a local level” (pp10012017)

“Because now management and shop stewards can see the positive side of trying to solve problems locally” (pq12012017)

BNM realise the true potential of DP but appear to struggle with the mechanics of day-to-day implementation.

Summary;

We looked at two very different companies. Both organisations, in different ways, are fully aware of the real benefits of direct participation

Fleetwood: a small “hands-On” management team prepared to encourage DP with a workforce now willing to engage. The company has already begun making the large “intangible investments” required to change the working culture. This is a work-in-progress and the results to date have been positive.

BNM: a large geographically scattered organisation with a rigid hierarchical structure that nominally promotes DP but in reality, appears to lack the skills/ leadership, energy and commitment to deliver locally. Since the project has begun the company have announced the closure of its peat briquette production factory in Littleton with the loss of 126 jobs. Last week it announced the closure of its coal depots around the country with the loss of 46 jobs. This is a really difficult climate in which to promote DP.

## 7. Project Observations and Repeated Survey

As a direct result of the presentations by partners and subsequent discussions at the project meeting in Rome on 13/14<sup>th</sup> October 2017, we at The IDEAS Institute decided to repeat the survey we had carried out during the summer. This decision was reached because we felt that whilst our findings were representative of the sample we took of the organised companies we are working with, it might not be truly representative of current wider workplace practice in Ireland.

The IDEAS Institute works closely with progressive organised organisations who have embraced direct participation and who are now building on this solid foundation to encourage and enable real employee involvement. This approach is

now called “Workplace Innovation” and is becoming universally accepted as the key to unlocking and unleashing the creative potential within the entire workforce.

“.... The mental capacity of our people to solve problems and improve performance, is the key to sustained competitiveness. We need to maximise the potential of our people to deliver improved productivity using proven tools and techniques”.....

Source: “Applied Benchmarking for Competitiveness – A Guide for SME Owner/Managers” Richard Keegan and Eddie O’Kelly 2004 Oak Tree Press, Cork

The organisations we included in the initial survey were all organised and committed to this unique joint union-management approach to working. Thus encouraging practical participation, and are committed to equipping their entire workforces with the skills and resources to engage in continuous improvement activities that enhance competitiveness, job satisfaction and personal development. It is on this basis that we concluded that the survey excluded organisations 1) that were not organised, 2) that had little/no knowledge of direct participation and 3) were not currently actively involved in promoting this approach.

### **Methodology**

The same structured methodology as used in the first survey, was used in the second survey. We targeted a random group of adult students attending an evening QQI accredited Level 6 Industrial Relations course --- which includes a module on Irish Employment Law. These students work in organised companies in the manufacturing and services sectors; are from a variety of disciplines (IT support, technical, logistics, healthcare and social services); and their average age is late thirties. Because of their chosen course of studies, their jobs and their interest in further education, it was felt that this selected group would be reasonably well-informed on industrial relations matters/principles, workplace practices and current management philosophies.

The aims and objectives of the project were outlined to them, and then they were given a short presentation on direct/indirect participation. A short discussion ensued and they were then asked to complete the questionnaire. The preamble was similar to the approach used in the original survey.

The results are presented below, in random order.

Results of repeated 1<sup>st</sup> Survey on Direct Participation in Practice

<p>I.</p>	<p><b>What are the main characteristics of DP in the country?</b></p>	<ul style="list-style-type: none"> <li>• Employer-employee relations</li> <li>• Access to be on committees, decision-making, Board membership</li> <li>• Tool-box talks, Safety Behaviour Observation (SBO) Reports</li> <li>• Tool-box talk every week, mainly about Safety -- and a safety scheme called SBO</li> <li>• Day-to-day interaction between management and staff</li> <li>• None</li> <li>• None</li> <li>• None</li> <li>• Pay performance, one-to-ones</li> </ul> <p><b>Summary:</b> 33% indicated lack of participation in their organisations. Monitoring safety performance and discussing operational issues would appear to be the most common application</p>
<p>II.</p>	<p><b>How extensive is the diffusion of DP in the country in general, and in each of the two sectors (manufacturing and services) in particular?</b></p>	<ul style="list-style-type: none"> <li>• Nil</li> <li>• The organisation is large and is influenced by reports etc</li> <li>• Not that extensive, reports at Tool-box meetings don't lead anywhere</li> <li>• Every site has a Tool-box meeting each week and a certain amount of SBOs to complete</li> <li>• For job completions it would be important</li> <li>• None</li> <li>• None</li> <li>• None</li> <li>• Across the organisation</li> </ul> <p><b>Summary:</b> DP does not appear to feature in 44% of organisations. Where applicable, it would appear to vary greatly in importance</p>

<p>III.</p>	<p><b>What particular forms of DP are in evidence – consultative / delegative, individual / group?</b></p>	<ul style="list-style-type: none"> <li>• Nil</li> <li>• Mostly delegative when it comes to large changes – some token consultation</li> <li>• No individual, all group</li> <li>• There is a Safety Committee in place, but only supervisors or managers are invited</li> <li>• Consultative and individual</li> <li>• None</li> <li>• None</li> <li>• N/A</li> <li>• Individual and groups</li> </ul> <p><b>Summary:</b> Following on from Qii, DP does not feature in 44% of organisations. Where applicable, it would appear to vary greatly in the form used. Some scepticism expressed about real intent</p>
<p>IV.</p>	<p><b>What are the most common or popular forms of DP?</b></p>	<ul style="list-style-type: none"> <li>• Nil</li> <li>• Information sessions, email</li> <li>• Tool-Box talks, and SBO reports</li> <li>• Tool-Box talks are done ingroups</li> <li>• Tool-Box talks, and one-on-one</li> <li>• None</li> <li>• None</li> <li>• N/A</li> <li>• One-to-ones</li> </ul> <p><b>Summary:</b> The responses continue to highlighte that 44% of the organisations do not practice DP at all. Tool-Box talks appear to be the most common approach used (33%) followed by One-to-Ones (22%)</p>

<p>V.</p>	<p><b>What levels and categories of employees are covered by DP?</b></p>	<ul style="list-style-type: none"> <li>• Nil</li> <li>• I can only speak for myself: all staff emailed about big things</li> <li>• Only site staff, no office staff</li> <li>• All levels are covered by Tool-box talks and SBO reports</li> <li>• Craftsmen</li> <li>• None</li> <li>• None</li> <li>• N/A</li> <li>• All</li> </ul> <p><b>Summary:</b> The responses continue to highlight that 44% of the organisations do not practice DP at all. The categories of employees covered by DP appears to vary extensively; all staff notified 33%, while selected staff members notified 22%</p>
<p>VI.</p>	<p><b>What are the main issues covered by the different forms of DP?</b></p>	<ul style="list-style-type: none"> <li>• Nil</li> <li>• Logo change, macro, feedback mechanism for new systems</li> <li>• Safety</li> <li>• Safety</li> <li>• Health &amp; Safety, job completion, time-frames</li> <li>• None</li> <li>• None</li> <li>• N/A</li> <li>• Problems, IT issues and staff issues</li> </ul> <p><b>Summary:</b> The responses continue to highlight that 44% of the organisations do not practice DP at all. Health &amp; Safety issues feature prominently at 33%</p>

<p>VII.</p>	<p><b>What are the reasons for introducing DP (e.g. management initiative, demands from employees or their representatives, a collective agreement)?</b></p>	<ul style="list-style-type: none"> <li>• To break down barriers</li> <li>• To pacify workers, introduce change, impose change</li> <li>• Only management make decisions</li> <li>• Improve levels of Safety on site</li> <li>• Management initiative</li> <li>• To make staff members aware of different issues</li> <li>• Better communications</li> <li>• N/A</li> <li>• Problem solving before they get out of control</li> </ul> <p><b>Summary:</b> Assorted, and many different, reasons cited as to why DP is introduced. Most appear positive, but there would still appear to be an element of mistrust of managements' motives</p>
<p>VIII.</p>	<p><b>How does direct participation relate to indirect participation? What are the different types of decisions and different levels of decision-making under each approach?</b></p>	<ul style="list-style-type: none"> <li>• Ranking and control system – command structure</li> <li>• How representative are representatives? Some people may participate but those who don't, participate indirectly whether they like it or not!</li> <li>• Doesn't really differ. Decisions are forced on employees and we have to battle to get them changed to suit the employees</li> <li>• Keep insurance costs down</li> <li>• No response</li> <li>• DP allows communications between managers and staff</li> <li>• DP = no communication or influence, while Indirect = negotiations and better communications</li> <li>• N/A</li> <li>• No response</li> </ul> <p><b>Summary:</b> Mixed, and very strong messages about the motives behind introduction and the actual usefulness of DP. It is interesting to note 22% did not respond to this question</p>

<p>IX.</p>	<p><b>Are direct and indirect forms of employee participation mutually supportive? Do they co-exist and complement each other, or do they conflict with each other?</b></p>	<ul style="list-style-type: none"> <li>• If they existed in my job it would be good</li> <li>• Can conflict and complement</li> <li>• Management make decisions regardless of what is said by employees</li> <li>• Decisions are made by management. Very little weight is given to employees' suggestions</li> <li>• Yes, yes and no</li> <li>• No, cause conflict</li> <li>• No, conflict with each other</li> <li>• N/A</li> <li>• ?</li> </ul> <p><b>Summary:</b> Mixed, and very strong messages about the benefits of, and the effects of, DP. Two respondents are positive, but more are suspicious and negative. There would still appear to be an underlying mistrust of managements motives</p>
<p>X.</p>	<p><b>Does DP reduce the influence of trade unions and other forms of representative democracy?</b></p>	<ul style="list-style-type: none"> <li>• No</li> <li>• It can ---- both positively and negatively</li> <li>• If it was done properly, I am sure it would reduce the influence of trade unions</li> <li>• No</li> <li>• No</li> <li>• Yes</li> <li>• Possibly</li> <li>• I don't know</li> <li>• No</li> </ul> <p><b>Summary:</b> There are some concerns expressed that DP can reduce trade union influence ---- but 33% of respondents are adamant that it will not.</p>

## Conclusions

The results clearly confirm the fears expressed about the dangers of using a small, highly focussed sample. These results above, from randomly selected organised organisations -- clearly show that many organised organisations do not engage in any form of direct participation. They highlight the fact that suspicion, low levels of trust and many barriers to progress exist in many organisations --- including those that engage on some level of direct participation. Tool-Box talks appear to be a commonly used approach by management to engage with the workforce. These, in the main, tend to focus on immediate operational problems and/or on mandatory/regulatory issues such as Health & Safety related matters, and **not** on long-term continuous improvement. The fact that "very little weight is given to employees' suggestions" still widely prevails, unfortunately.

These findings give a more representative picture of how direct participation is really viewed across many organised organisations. It is not known from our very limited research how direct participation is viewed and/or is being used currently in non-organised companies.

The findings indicate there are many real challenges when introducing direct participation into an organised organisation. The questions we must consider are: how can we set about confronting issues of suspicion and low trust; how can we begin to address these; and how can we positively influence, and subsequently alter, these many negative forces within organisations?

Now that some of these hindering forces have been identified, it is incumbent on us all to begin exploring how these forces can be reduced and/or eliminated --- and so enabling us to reap the fruits of real direct participation. There is a great opportunity for us to build on this project finding and develop a practical template to enable the introduction of real direct participation in organisations that are genuinely interested in exploring this worthwhile concept. The IDEAS Institute would actively support any such initiative that would enable organisations to meaningfully engage in direct participation.



## 8. National Seminar Report

### JOINT IRISH / UK SEMINAR

WELLINGTON PARK HOTEL, BELFAST (5 AND 6 MARCH 2018)

Background to joint seminar

Close links between two industrial relations systems

Seminar opening:

Chair: Sylvester Cronin, IDEAS Institute

Owen Reidy, Assistant-General Secretary, ICTU

Michael Gold, Royal Holloway College, University of London

The European Commission funded DIRECT project – partners and results to date

Kevin P O'Kelly, External Expert, DIRECT Project

SIPTU and Direct Participation

Gerry McCormack, Deputy General-Secretary, SIPTU

DIRECT project – experiences with direct participation in the UK

Michael Gold and Chris Rees, RHUL

DIRECT project – Workplace innovation in Ireland

Tony Murphy IDEAS Institute

Case Study - Kirchhoff Automotive

John Roulstone Production Manager, Kirchhoff, Letterkenny

Direct participation in UK enterprises – The role of the IPA

Patrick Bri ne, Involvement and Participation Association

Workplace Innovation

Peter Totterdill, UK Work Organisation Network and Workplace Innovation Ltd

Debate and conclusions

### **Background**

The DIRECT project partners from Ireland, the IDEAS Institute, and the UK, the Royal Holloway College, University of London, agreed to hold their national

seminars together to explore the similarities and differences to the diffusion of direct participation in the respective labour markets and employment relations systems. This joint national seminar was held in the Wellington Park Hotel, Belfast on 5 and 6 March, 2018. It was attended by twenty-one participants from both Ireland and Great Britain (GB).

### ***Close links between two industrial relations systems***

Because of the close historical ties between the British and Irish trade union movements, going back to the nineteenth century when they were united under one Trade Union Congress, the Irish system of industrial relations has evolved from the British voluntarist model, based on an adversarial problem-solving approach. Indeed, for many years after Ireland gained its independence in 1922, both systems of industrial relation and the scope of legal powers given to trade unions were governed by the same set of UK 19<sup>th</sup> and early 20<sup>th</sup> century statutes.

The legacy of the industrial and political upheavals in the first decades of the twentieth century are still, to some extent, reflected in the trade union structures today. The Irish Congress of Trade Unions (ICTU) represents trade unions in both parts of the island of Ireland, therefore, it operates under two different legal jurisdictions and two distinct political and economic entities. Indeed, ICTU is unusual in that it also has 'foreign' (UK) unions as affiliated members, operating both in the Republic of Ireland (RoI) and Northern Ireland (NI). Many of these unions and, indeed, unions registered in RoI, including SIPTU,<sup>1</sup> have members on both parts of the island. It is also important to note that NI has evolved its own structures and particular system of industrial relations.<sup>2</sup>

The approach of business and management to industrial relations has also been dominated by the substantial trade links between the island of Ireland and GB since long before Irish independence, links that are still strong today. With these close business ties and with many subsidiaries of UK companies operating in Ireland, the traditional adversarial model of employment relations, with the emphasis on collective bargaining, has been the dominant system. This system has been re-enforced in recent decades by the establishment of subsidiaries of US companies, in particular non-union electronic, software and social media companies, in Ireland.

1 Science, Industrial, Professional and Technical Union

2 The trade union confederations from Ireland (ICTU) and the GB devolved regions (TUC; Scottish TUC; and Welsh TUC) meet regularly to exchange information and liaise on issues of mutual interest.

In the past, information and consultation structures, including direct participation, have not been central to the Irish system of industrial relations. However, there has been some change in this since Ireland became a member of the EU in 1973, with the emergence of more consensual employment relations, influenced by a series of legal instruments agreed at the EU-level, but the precept of negotiating 'in a spirit of co-operation' found in all EU information and consultation Directives is not an integral part of Irish or GB industrial relations.

***Seminar opening (Chaired by Sylvester Cronin, IDEAS Institute)***

In this context, the seminar was opened by Owen Reidy, Assistant General Secretary, ICTU, with responsibility for the NI office. He said that the holding of this seminar on the topic of direct participation was timely considering the changes taking place in NI, which is the poorest region within the UK. A quarter of workers in NI have incomes below the UK living wage and there has been a 10% cut by the UK Government in subsidy to NI in the past 10 years, resulting in a lack of necessary investment. There are two key problems with the NI economy, first, productivity is very low in comparison to the level in the rest of the UK and, second, there is no industrial strategy – manufacturing is shrinking, indeed, 1300 jobs were lost during the month of February alone.

He referred to the trade union *Better Work, Better Lives* campaign which includes calls for better workplace social dialogue, including direct participation. He said that in the context of the major economic and employment challenges there is an urgent need to the social partners and the devolved administration to come together to develop an industrial strategy for NI.

In welcoming participants on behalf of the Royal Holloway College, Michael Gold referred to the low levels of unemployment in GB, in contrast to NI. However, he said that many of the new jobs that have emerged in recent years are of low quality and low remuneration.

***The European Commission funded DIRECT project – partners and results to date***

The definition used in this DIRECT project was that adopted by the European Foundation for the Improvement of Living and Working Conditions (Eurofound) in the 1990s. Kevin P O'Kelly, DIRECT project 'external expert', who was a Eurofound Research Manager with responsibility for the Employee direct Participation in Organisational Change (EPOC) project, outlined in his presentation:

- a. The background to the DIRECT project and the seven partner organisations
- b. The methodology and stages adopted for the study

- c. The work so far, including the reasons for holding this joint national seminar
- d. The EPOC definition and some findings from that Eurofound study which are relevant to the DIRECT project
- e. What each partner organisations has achieved to date
- f. The next steps to completing the project by end-2018.

### ***SIPTU and Direct Participation***

Gerry McCormack, Deputy General Secretary, SIPTU, give a presentation on the background to social dialogue in RoI and the series of seven National Social Partnership Agreements from 1986 to 2008. These national agreements were negotiated every three years between the Government, trade unions, employer organisations, farming organisations and civil society NGOs. The agreements covered, not just workers' pay and working conditions, but also a range of national social policies, such as housing, health, education and training, infrastructural investment, etc. Unfortunately, at the start of the global financial and economic crisis the Government withdraw from the last of this very successful series of agreements, *Towards 2016*, in 2008.

One aspect of the later national agreements was the inclusion of a series of local social dialogue agreements, that lead into the development of workplace innovation and were evolved further into enterprise-level direct participation arrangements. This development was also in the context of a range of employee involvement legislation at the EU level, such as the Directive on workplace information and consultation, European Works Councils (EWCs) and employee board level representatives in European Companies (SEs) (referred to in RoI as worker directors). With regard to EWCs, Mr McCormack noted that SIPTU found these useful for getting advanced information of transnational company policies and proposed changes and as an early-warning system.

He also outlined the impact of the economic crisis on SIPTU. The union lost 40,000 member during the financial and economic crisis. During the decade of recession its focus was on preserving the jobs of its remaining members. It is estimated that every job lost in the economy cost the State €20,000, so the preservation of employment was prioritised.

Consequently, SIPTU adopted a policy of not initiating disputes but of working with companies in trouble to assist them protect employment through the introduction of joint workplace innovation arrangements. The objective was to

make Irish companies more competitive and to preserve Irish jobs. However, for this to be successful all parties had to 'buy-into' the process – i.e. senior and middle management, the workforce, the trade unions, etc. The IDEAS Institute is a key player in this strategy by providing training for all levels within participating companies.

Mr McCormack finished by highlighting the challenge of 'sustainability', i.e. keeping the workplace innovation process going! He said that Kirchoff Automotive is an excellent example of a continuous application of workplace innovation throughout its operations.

### ***DIRECT project – experiences with direct participation in the UK***

In their joint presentation, Michael Gold and Chris Rees, Royal Holloway College, University of London, described the two case studies they are undertaking as part of the DIRECT project, in a) Toyota Motor Manufacturing UK, based in Derby, i.e. the *Toyota Way*; and b) Leeds Teaching Hospitals NHS Trust, i.e. the *Leeds Way*. The presentation compared the application and experiences of both approaches to direct participation.

***Toyota Motor Manufacturing UK*** employs 2,500 (known as 'members!') in its Derby plant and another 500 at the engine manufacturing facility in Deeside, North Wales. Ninety per cent of the combined workforces are employed in production and the rest (10%) in administration and support roles. There is one trade union, UNITE, and 55% of employees are members. The workforces in both sites are represented through the twelve member (plus UNITE convenor) Toyota Members' Advisory Board (TMAB). Issues, such as: information and consultation arrangements, pay round negotiations, health and safety and dispute resolution can all be included on the TMAB agenda.

Internal communications is considered as 'king' and is undertaken in three ways:

- Roadshows by directors
- Briefing meetings for each shift
- 'Cascade' briefings – 10/10: 10 minutes at 10 am and 10 pm each day
- Videos and notice boards.

Both plants are run along classic Japanese management systems – Kaizen (continuous improvements, including on health and safety issues); quality circles (meetings of work-teams), just-in-time inventories, etc. Refining the production process is 'employee-led', not 'engineering-led' and, as part of their employment

contracts, every employee is required to recommend two improvements every month.

An important part of the Japanese workplace philosophy is that *Kaizen won't work if it threatens jobs!*, so there is a guarantee of 'no redundancies'. Consequently, the *Toyota Way* has resulted in long-term stable employment – there is very little turnover in the two plants and many of the staff (in particular managers) have been with Toyota since the plant was set up in 1992. However, as a type of recruitment filter, 10% of employees are recruited through an employment agency. If they perform satisfactory then they can become permanent Toyota employees. Under this approach, 20% of agency workers are not retained, while there is just a 2% turnover of permanent employees.

One key area of employee/management conflict highlighted in the case study is around another aspect of the employment contract – workers are required to work overtime at the end of each shift with only one or two hours' notice, if instructed to do so. This results in shift workers never knowing when they will finish, or get home, which impacts on their family and social lives! However, notwithstanding this contentious issue, the case study found that there was a high level of mutual respect between the workforce and the management.

The second case study looked at **Leeds Teaching Hospital NHS Trust**, which introduced a *Toyota Way* system hospital staff. This provided the research opportunity to explore if a Japanese form of management can be successfully transferred to a very different type of organisation and sector – a service based, public sector, structure.

The Leeds Teaching Hospital Trust has approximately 17,000 employees and was subjected to big budget cuts in the past ten years, resulting in a deterioration of patient care and services. To overcome the resulting problems, in 2013 the CEO decided, with financial support from the NHS, to initiate a bottom-up process of including all employees in identifying the hospital's 'values'.

This new approach included:

- With between 50 and 100 new employees joining the workforce every week, the CEO undertook to induct all new employees into these 'values'
- The introduction of townhall type meetings
- A form of *Kaizen* adopted to the needs of the Trust
- Rapid improvement weeks

- Safety meetings
- Recognising staff for 'good ideas', with a focus on reducing waste and not on cost-cutting.

There are fourteen employee representative organisations and trade unions for the 17,000 employees and these organisations were also fully involved in the process of change and the introduction of the *Leeds Way* from the start through the Staff Council. The process was a lot more flexible than the more rigid Toyota approach, with all staff involved in improvement and with regular 'Rapid improvement weeks' to identify areas where better services to patients could be delivered.

A series of staff surveys between 2012 and 2017 to assess how the *Leeds Way* was working, showed significant progress. In particular, there was a reduction in outsourcing of services to 2.4% of payroll costs – for example, in catering, cleaning services, security and estate facilities are all now provided 'in-house'.

**Case study comparisons:**

<b>The Toyota Way</b>	<b>The Leeds Way</b>
1 Greenfield site	Brownfield site
2 Assembly-line production process	Complex range of services and staff
3 Continuity of management	Qualifications
4 Control of recruitment process	Dependent of senior staff (project 'champions') remaining in place –
5 Low turnover of staff	<ul style="list-style-type: none"> <li>• What happens if 'champions' move on?</li> </ul>
6 Roll of local labour market – Toyota is a major employer in Derby	<ul style="list-style-type: none"> <li>• Would priorities change?</li> </ul> Complex recruitment arrangements – levels and occupations  Fluid workforce – employment opportunities within NHS across UK

Finally, it is noted by the RHUL colleagues that *hospitals are far more complex than car plants!*

***DIRECT project – Workplace innovation in Ireland***

Following on from the presentation by Gerry McCormack, SIPTU, Tony Murphy, outlined the IDEAS Institute approach to introducing workplace innovation.

The IDEAS Institute is the research and training wing of SIPTU and its training courses are all accredited and meet European qualification standard. Its purpose is to facilitate change in enterprises through *genuine* employee involvement.

The work of the Institute with Irish enterprises follows on from a commitment in the National Social Partnership Agreement, *Towards 2016*,<sup>3</sup> to set up a High Level Group to develop a strategy for the manufacturing sector. This Group reported in 2008,<sup>4</sup> and, consequently, in 2011, a Joint Policy Initiative to implement workplace innovation in the manufacturing sector, which would involve all stakeholders, was adopted.

He noted that change is difficult, so workplace innovation is a challenge to all players within a company. All those involved need to understand and 'buy-into' why workplace innovation is being introduced and why change is necessary. At the outset, there is a need to 'win hearts and minds'!

Interventions by the IDEAS Institute adopt a joint trade union/management approach and it is organised as following:

- A joint steering committee is set up to oversee the process
- Joint team training to develop the 'vision for the future'
- A joint steering group is responsible for monitoring progress and providing support.

In academic literature seven areas of waste in production have been suggested -

- **T**ransport
- **I**nventory
- **M**otion
- **W**aiting
- **O**ver production
- **O**ver processing

3 *Towards 2016: Ten-year Framework Social Partnership Agreement* Dept of An Taoiseach, 2006, page 20

4 [http://edepositireland.ie/bitstream/handle/2262/76799/forfas080402\\_manufacturing\\_report.pdf?sequence=1&isAllowed=y](http://edepositireland.ie/bitstream/handle/2262/76799/forfas080402_manufacturing_report.pdf?sequence=1&isAllowed=y)



- **Defects**

The IDEAS Institute adds an eighth to this list, which it argues is the greatest waste of all – **Skills**

and its focus is on tackling the waste of SKILLS in the companies it works with.

The IDEAS Institute is working with fourteen enterprises at present, and these very often result from local SIPTU officials alerting the Institute to problems in a company.

***Case Study - Kirchoff Automotive***

This case study was presented by John Roulstone Production Manager in the Letterkenny, Co Donegal, site, which is one of the companies thirty plants in eleven countries, employing 10,000 worldwide. The company makes components for the automotive sector and has a turnover of €1.6 billion per annum. The Letterkenny plant is a very small part of this global multinational, employing just 57 workers with a turnover of €10 million.

With regard to workplace innovation, in 2009, as part of a company/union agreement and a series of pay agreements, a Kirchoff Ireland Steering Committee (KISC) was set up. This led to a number of internal developments designed to change the work culture – the agreed *vision* was to still be operating in Letterkenny in 2015! The IDEAS Institute undertook a data collection operation and evaluation and developed an appropriate training programme for the workforce, in conjunction with Letterkenny Institute of Technology. The IDEAS Institute has remained involved in the evolution of workplace innovation in Kirchoff Ireland since 2010.

In 2011 a group-wide ‘lean production’ system was introduced, following an assessment by external consultants. While it might have worked in other company plants, this mix of Japanese type working methods and German consultants didn’t go down well in Donegal, so this ‘lean-production’ experiment was dropped. However, in 2012 the first steps to the development of team working, which, in turn resulted in the first *managerless* department and an autonomous working culture within the plant (in 2015).

In 2017 a number of innovations to move towards ‘autonomous working’ were introduced, such as:

- Shop-floor management meetings
- Monthly workforce performance communications

- Regular team development meetings
- Cross-functional improvement workshops.

An example of how this consultative approach works is in the Toolshop, where all work is delegated to the two staff members. There hasn't been a manager in this area of the plant since 2016 and the two tool-makers jointly make all the production decisions and sign-off on the finished stamping dies. Management, including the Production Manager (John Roulstone), now only hear about this part of the production process if there is a problem.

The next steps in moving fully towards workplace innovation are:

- Removal of team-leaders/departmental management and the further introduction of team-working – to survive the plant has to move to a self-management model
- The introduction of 'departmental champions'
- Continual up-skilling – EDP programme
- Develop online IT systems
- Continually re-assessing and optimising the internal communication systems.

For workplace innovations to be a success, communications is the key!

### ***Direct participation in UK enterprises – The role of the IPA***

Patrick Brione, Head of Policy and Research, Involvement and Participation Association (IPA), UK, outlined the work of the association on promoting employee involvement since its foundation in 1884. He distinguished between various aspects of employee involvement and, in particular, direct participation, which is at the task level, and representative participation, which is at the strategic level.

A key to the success of all employee participation is 'information' right through the organisation and a two-way communications strategy. He gave some examples of where this approach has been successful – e.g. Lewisham Council, London, and the Leeds Teaching Hospital Trust, already referred to in the RHUL presentation.

He referred to the impact of social media on workplace communications, where e-mails are now used as a key form of management communicating with the workforce – the WERS survey in 2011 had already found the 49% of workplace

communications was by e-mail. <sup>5</sup> This use of technology undermines trust in management within the workforce.

This presentation also presented three case studies that demonstrated how things can go badly wrong when employee involvement arrangements are undermined. These show that direct participation is necessary, but it is not sufficient and is just one aspect of the employment involvement mix.



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5 2011 Workplace Employment Relations Study:  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/336651/bis-14-1008-WERS-first-findings-report-fourth-edition-july-2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336651/bis-14-1008-WERS-first-findings-report-fourth-edition-july-2014.pdf)

### **Workplace Innovation**

The final presentation of this joint seminar was by Peter Totterdill, Joint CEO, UK Work Organisation Network and Director of Workplace Innovation Ltd. He is also a key member of the European Commission's European Workplace Innovation Network (EUWIN) team <sup>6</sup> and joint author of the EUWIN guide to workplace innovation. <sup>7</sup>

He said that the seminar was very timely as workplace innovation is currently a topical subject, because of its possible impact on a) enterprise productivity: can increase by up to a 20%; b) the full utilisation of workers' skills: c) increased innovation and the opportunity to take on-board employees' ideas; and d) improving mental health in the workplace.

However, the question remains – *if it is so effective, why isn't everyone doing it?* Unfortunately, only 15% of companies operating within the EU are estimated to use workplace innovation strategies. Of the fifteen 'old' EU Member States, 17% (approximately) of both Irish and British workers are employed in 'learning jobs'. <sup>8</sup> The Member States with the highest percentage are Denmark, the Netherlands and Sweden.

The major obstacle to the introduction of workplace innovation is the reluctance of management to relinquish control within the enterprise or to admit that it would improve productivity and output. One production manager in a UK engineering company was quoted:

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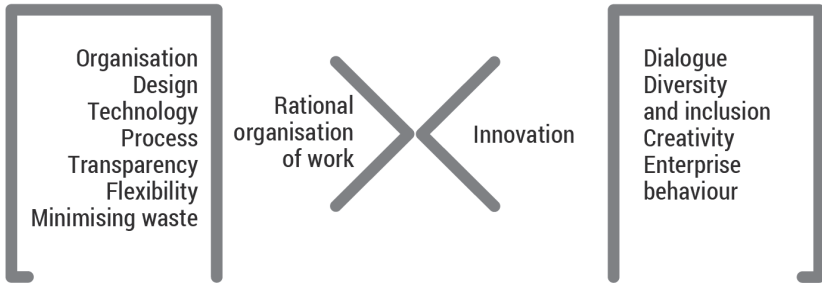
6 [http://ec.europa.eu/growth/industry/innovation/policy/workplace\\_en](http://ec.europa.eu/growth/industry/innovation/policy/workplace_en)

7 <http://ec.europa.eu/DocsRoom/documents/19187>

8 *European Working Conditions Survey >>>>* Eurofound, Dublin

*If there was a better way of doing things, don't you think I'd have thought of it already?*

The presentation outlined the rational organisation of work:



How to bridge this gap?

To bridge this gap between technology and workers, work organisation needs to be introduced in a logical way. What is needed in European workplaces are a culture of innovation, resulting in a) the 'voice' of employees been heard, thus creating opportunities for reflection and improvements; b) a re-structuring of the organisation as a whole; and c) setting up work-teams. This approach will lay the foundation for the introduction of the *essential fifth element*:

*... an integrated approach to workplace innovation, creating high performance, engagement and great places to work. It builds workplaces where people at all levels can use their knowledge, talent and creativity to the full.*<sup>9</sup>

Prof Totterdill conceded that real team-working can be complex and difficult to achieve. Indeed, only 40% of UK workplaces have work-teams. However, he outlined a number of organisations that have introduced work-teams:<sup>10</sup>

- Southern Health and Social Care Trust, Northern Ireland, introduced multi-disciplinary teamworking in its maternity services
- Work teams in the UK Met Office were ... *inspired by external influence, a*

<sup>9</sup> See: <http://www.goodworkplaces.net/Default.aspx?PageID=13734666&A=SearchResult&SearchID=1043885&ObjectID=13734666&ObjectType=1>

<sup>10</sup> These examples and more can be seen on <http://freshthinkinglabs.com>

*small core of innovators began a process of 'guerrilla' tactics exploiting the organisation's grown up attitude towards managerial responsibility and decision-making to drive the process forward, firstly by visiting other businesses including Google and Innocent and learning from the experiences they found there.... the drivers of innovation weren't thinking about the opportunities it represents but the problems it could solve*

- In the Devon and Cornwall Police Force – ‘Down Tool Weeks’ enabled staff to step back from the day job to develop their own ideas for new products and ways of working. These fora generated great ideas for improving the service at a time of financial stringency. Electric bicycles, for example, are a great way of improving visibility while ensuring that officers can cover enough territory in remote rural areas
- British Geological Survey – changed management structures and broke down ‘walls and ceilings’
- Bombardier – the CEO championed shared leadership, empowering jobs and teams, changing line management culture, incentivising improvements and innovation and listening to employee ‘voice’
- In Innocent Smoothies innovation is an everyday behaviour with employees actively encouraged to suggest ways to improve the business, whether it be new products and business streams or better ways of working
- General Electric - performance reviews were ended under pressure from its millennial employees and replaced by a ‘rank and yank’ performance app
- Bristan, a bathroom accessories manufacturer, introduced elements of workplace innovation, such as: self-organised teams, learning and development, continuous improvement, representative participation, empowering leadership, a trust-based culture.

1. Since the beginning of 2016 UKWIN has also been working with Scottish Enterprise, Skills Development Scotland and the Highlands & Islands Enterprise, to promote and resource workplace innovation in a diverse range of Scottish companies.<sup>11</sup> An example of a company that engaged with the Scottish Enterprise is DS Smith, a global packaging company with 27,000 employees in 37 countries. Its Lockerbie site employees over 200 and, in 2016, it used a number of Workplace Innovation’s Diagnostic tools that focussed attention on the core issue of poor

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11 Examples of this work can be found at [www.workplaceinnovationscotland.net](http://www.workplaceinnovationscotland.net)

communication and a lack of feedback within the site. The aim was to improve communications about the quality of operational processes between different production groups and to get the staff on the factory floor involved in decision-making for the business. Since going through the process, an internal survey has showed the engagement score increased from 20% to 88% and the application of WI's diagnostic tool was the catalyst in making this happen.

### ***Debate and conclusions***

- 1 The definition: there were some comments on the definition adopted for the DIRECT project, which is based on the definition used by the Eurofound EPOC project, and there was some discussion on whether individual consultation processes were, in fact, direct participation as these would be considered normal worker/supervisor engagement.
- 2 Generational shift in management practices: on the basis that direct participation and workplace innovation are ideas that are topical and their 'time has come', it was discussed as to whether there is a greater interest and application of these management methods among younger managers, in contrast to an older, hierarchical oriented, management cohort?
- 3 The role of education: there was some debate on the role of business schools and third-level education in exposing students to this involvement approach to management. The participants involved in such education agreed that innovative management techniques are taught, but it is very often a challenge to break-down well established cultures within enterprises. Consequently, the top management, CEO, etc. are key to introducing change and ensuring it is successful.

Kevin P O'Kelly

23 March 2018

## 9. Overall Conclusion

Clearly workplace innovation, both as an outcome and a process, can deliver “win/win” results. The process will allow the organization to tap into the creative potential of the entire workforce, and thus can positively influence key performance indicators (increased through-put, reduce waste/defects, improved lead-times etc.). The outcomes can include: a committed workforce that has real ownership of the production processes they run; a highly motivated and business-aware workforce that has genuine interest in their work, and are encouraged/empowered and trained in continuous improvement tools/techniques.

SIPTU and The IDEAS Institute have already realized the potential of this “advanced” form of direct participation, and so have developed a unique joint union-management approach to enable workplace innovation implementation. The IDEAS Institute is currently working jointly with senior management and the workforces in 15 organisations, in manufacturing, services and the public sector. The expertise and practical leadership of The IDEAS Institute in this specialist area have been widely recognized by government agencies. The institute has already played a consultative role in helping to shape future strategic thinking of the Department of Jobs, Enterprise and Innovation when determining “Future Ways of Working” a working document preparing Enterprise Policy in 2025 (5). This preliminary document highlights the critical need for “ensuring that businesses of all sizes can capture the benefits from workplace innovation. Equally, the policy system must ensure that the quality of working life for the individual is enhanced and protected” (DJEI, 2015). It is thus to be hoped that this enlightened policy can be translated into a practical meaningful reality on the workshop floor.

Implementing workplace innovation is not easy and the full implications/complications of successful implementation are not fully understood or appreciated. Previous efforts by many organisations to establish any meaningful form of direct participation were often under-resourced, and concentrated mainly on one-way, top-down communications exercises. “Many employer techniques tended to be little more than a communication channel in which employees receive information, rather than providing the opportunities for workers to engage in change decisions” (Dundon, Curran, Maloney & Ryan, 2008).

Successful implementation requires vision, skill and perseverance from both unions and management. Many companies in Ireland will suggest that they



have all types of direct participation mechanisms already in place and operating successful. This may not always be the case. Eurofound research findings in this area are “most controversial and uncomfortable” (Sisson, 2000). They have found that “there is a very considerable gap between rhetoric and reality as far as the new forms of work organization are concerned. The rhetoric suggests that new forms of work organization are widespread and inevitable. The reality is that some of even the most basic practices associated with these forms are absent in the majority of EU workplaces. Something resembling an integrated approach affects only a handful of organisations” (Sisson, 2000).

There are clearly defined and well- documented benefits for implementing some form of direct participation in any organisation. Sophisticated forms offer greater benefits but require greater resources and specialist skills to establish them and to maintain them. Workplace innovation would appear to be the most sophisticated form of direct participation currently available. In Ireland, SIPTU and The IDEAS Institute are advocating that both managers and workforces consider how best they can maximize their skills, knowledge, experience and talents to ensure the long-term competitiveness and sustainability of their organisations. In general terms, this can best be achieved through direct participation, and specifically through successful implementation of workplace innovation. In Ireland, it is to be hoped that very shortly, this concept will be endorsed and supported by government policy, as developments in this area specifically are currently a work-in-progress.

## 10. Recommendations

Our research looked at two very different organisations who are currently implementing Direct Participation in Ireland, but under very different circumstances. Our findings show clear benefits for organisations currently engaged in DP. Here are some recommendations for your consideration,

Fleetwood is seeking to expand its product offerings and increase market-share. They are providing positive leadership, both from senior management and trade unions, as they seek to achieve this. The company has already made significant intangible investments in: -

- 1) Raising awareness of direct participation within the entire workforce and encouraging employee engagement on issues of immediate concern and interest

to the workforce. The resultant “win-win” outcomes leads to production operations being more effective while at the same time becoming less troublesome for operators to run/maintain.

- 2) Encouraging the establishment of “natural” teams in all areas of operations and providing accredited training for the workforce to identify and solving problems within their own areas of operation.
- 3) Providing a joint union-management support and governance structure to encourage workplace continuous improvement activities.

The company understands that the process of encouraging employee engagement and ownership delivers problem-solving capabilities and continuous improvement opportunities previously unavailable to it. This is now viewed as a definite return on their investment to the Workplace Innovation process. In other words, Direct Participation, when managed jointly, makes good business sense.

This project needs to comprehensively disseminate what has been learned and alert all concerned parties (i.e. both organisations and trade unions) to the true potential of Direct Participation. In addition to raising the awareness of the general benefits of this process, we might consider developing national case studies that highlight these, and perhaps we should consider the further development of guideline/tools/structures for awareness raising of Direct Participation and its successful implementation.

Bord Na Móna has, over many years, developed and established, the nominal structures that encourage and support Direct Participation. These include, 1) having worker directors on the board of management, 2) the long-established practice of setting-up autonomous teams, and 3) introducing performance-related payment schemes. However, the organization is presently in a period of serious transition that is being driven by major commercial and environmental considerations. This combination of external forces is having a negative impact on morale, motivation and leadership within the organisation. Last summer saw the closure of one of the two BNM peat briquette-making plants at Littleton, County Tipperary, with the loss of approx. 100 jobs. Last month saw the closure of their fuel depots located all across the country. This led to the further loss of 46 jobs. In light of these recent difficult business decisions, understandably it is very difficult to foster a positive appetite for direct participation and employee engagement. Increased competitiveness in the right businesses is key to the on-going sustainability of the company. This is clearly a very different business

environment to that in which Fleetwood is currently operating, but it makes an equally compelling case for business improvement. Organisations who are struggling in difficult and competitive markets need to respond swiftly and decisively to business pressures. By getting the workforce actively involved and fully supportive at this critical time could be a key ingredient for survival. This is another reason why this project needs to comprehensively disseminate the information and alert all concerned parties to the true potential of Direct Participation. and perhaps. we should consider the further development of a particular set guideline/tools/structures for awareness raising of Direct Participation for organisations under competitive pressure.

In addition to raising the awareness of the general benefits of this process, we might consider developing specific national case studies that highlight successful applications. These would serve as practical examples/touchstones for organisations who are considering pursuing this option. This would allow organisations to explore the potential, and speak to practitioners, of Direct Participation.

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## Appendix 1

### The Structure of Employment Relations in Ireland

#### *Brief outline of Irish Industrial Relations*

The IDEAS Institute's contribution to the DIRECT Project is undertaken within the historical and traditional framework of Irish industrial relations. Because of the close ties between the British and Irish trade union movements, going back to the nineteenth century when they were united under one Trade Union Congress, the Irish system of industrial relations has evolved from the British voluntarist model, based on an adversarial problem-solving approach. Indeed, for many years after Ireland gained its independence in 1922, both systems of industrial relation and the scope of legal powers given to trade unions were governed by the same set of UK 19<sup>th</sup> and early 20<sup>th</sup> century statutes.

The legacy of the industrial and political upheavals in the first decades of the twentieth century are still, to some extent, reflected in the trade union structures today. The Irish Congress of Trade Unions (ICTU), the central trade union

confederation, represents trade unions in both parts of the island of Ireland, therefore, it operates under two different legal jurisdictions and two distinct political and economic entities. Indeed, ICTU is unusual in that it also has foreign (UK) unions as affiliated members, operating both in the Republic of Ireland (RoI) and Northern Ireland (NI). Many of these unions and, indeed, unions registered in RoI, have members in both parts of the island. It is also important to note that NI has evolved its own structures and particular system of industrial relations.

The approach of business and management to industrial relations has also been dominated by the substantial trade links with Great Britain since long before Irish independence, links that are still strong today. With these close business ties and with many subsidiaries of UK companies operating in Ireland, the traditional adversarial model of employment relations, with the emphasis on collective bargaining, has been the dominant system. This system has been re-enforced in recent decades by the establishment of subsidiaries and the Europe, Middle East and Africa (EMEA) headquarters of US companies, in particular non-union electronic, software and social media companies, in Ireland.

The State, for its part, supported this system by encouraging the 'voluntarist' model and, consequently, it took a minimalist approach to regulating the employment relationship through legislation. The State, however, does provide the dispute resolution machinery and these institutions, such as the Labour Court and the Workplace Relations Commission (WRC), strive to maintain industrial peace within parameters agreed at the national level.<sup>12</sup>

In the past, information and consultation structures, therefore, have not been central to the Irish system of industrial relations. However, there has been some change in this since Ireland became a member of the EU in 1973, with the emergence of more consensual employment relations, influenced by a series of legal instruments agreed at the EU-level, but the precept of negotiating 'in a spirit of co-operation' found in all EU information and consultation Directives is not an integral part of Irish industrial relations. So, where information and consultation structures, such as works councils, have been introduced, more often than not, they operate in parallel to the adversarial collective bargaining process.

## *2.2 Collective Bargaining*

<sup>12</sup> The Workplace Relations Commission (WRC) was established on 1 October 2015. It took over the functions of the National Employment Rights Authority, the Labour Relations Commission and the Director of the Equality Tribunal. It also took over some of the functions of the Employment Appeals Tribunal (EAT).

While National Wage Agreements had, on and off, been the norm since the mid-1960s, a series of National Social Partnership Agreements provided a continual framework for centralised collective bargaining since 1987. These agreements were negotiated between the unions, employers, farming organisations and Government. They were not legally binding but were widely observed.

The National Social Partnership Agreements provided pay guidelines for both the Private and Public Sectors, but also covered broader economic and social issues. The scope of the agreements was extended over the years with an additional focus on tackling poverty, social exclusion and promoting social partnership. Community and Voluntary organisations participated in the negotiations and signed up to the agreements from 1997. The last such agreement was Towards 2016 (T16), ratified in September, 2006, which covered pay, pensions, compliance with labour standards and work-life balance issues.

In the light of the deteriorating economy environment, T16 was reviewed in 2008 and, after what were considered the most difficult set of negotiations to date, a transitional agreement was eventually reached in September, 2008, (T16 Review and Transitional Agreement 2008-2009) which included a pay agreement, in three phases, for 21 months. This Transitional Agreement also covered a range of additional issues, such as the management of change, training and skills levels and pensions. There was also a commitment by the Government to enact legislation to set up a new State agency to ensure the implementation and enforcement of statutory employment rights, the National Employment Rights Authority (NERA).<sup>13</sup>

Almost as soon as this interim agreement was signed, it ran into difficulties as Ireland was hit by a tsunami of economic, financial, banking, fiscal and employment problems. Following a series of unilateral actions by Government, such as cutting the pay and pensions of Public Sector employees, increased taxation for all workers and the significant cutting of Public Services, including social benefits, both ICTU and the employers' organisation, IBEC, joined forces to try to persuade the Government to re-engage with them on a national recovery plan which would urgently address rapidly increasing unemployment levels, which doubled in a year, and the credit and cash-flow crisis for enterprises. The series of National Social Partnership agreements finally broke-down in December, 2009, when the Government rejected the social partners' proposals for a recovery plan

and 'walked away' from a proposed Public Sector agreement.

However, agreement was eventually reached in the summer of 2010 with the Public Service Committee of the ICTU on reform of the Public Services, including the civil service, health, education, local authorities and the security services. The agreement included commitments to a reduction in Public Service employment, redeployment within and across the Public Service and a redesign of how services are delivered. The Government, for its part, agreed not to make any further reductions in the pay of serving Public Servants during the period of the agreement.<sup>14</sup>

## Appendix 2

KIRCHHOFF Ireland	Letterkenny, County Donegal	German
LEO PHARMA	Crumlin, Dublin	Danish
KERRY FOODS	Charleville, Cork	Irish
BECTON DICKINSON	Dublin and Louth	USA
SAICA	Ashbourne, Meath	Spanish
THEO BENNING GmbH	Wexford	German
WAVIN	Balbriggan	Dutch
THK	Tallaght, Dublin	Japanese
Bausch & Lomb (Valeant)	Waterford	Canadian
Wyeth (NESTLE)	Askeaton, Limerick	Swiss
Henkel	Dublin (2 sites)	German
Tara Mine –Boliden	Navan, Meath	Swedish
Fleetwood	Virginia, County Cavan	Irish
Bord na Móna	Nationwide	Irish

<sup>14</sup> *Public Service Agreement, 2010-2014* (Known as the 'Croke Park Agreement'), June 2010. This agreement was revised by the 'Haddington Road Agreement' in 2013, see <http://www.per.gov.ie/haddington-road-agreement>.