

**The EU Information &
Consultation Directive**
Everything you need to know



Contents

Foreword	2
What is the Information and Consultation Directive and why do I need to know about it?	4
Why is the Directive being introduced?	7
Information and Consultation Arrangements in Ireland	12
The benefits: What's in it for my organisation?	18
Developing information and consultation arrangements: The challenges	21
Examples of good practice	23
What should my organisation do now?	25
Information & Consultation activities checklist	27
Additional reading and useful contacts	29

Foreword

The European Employee Information and Consultation Directive will be transposed into Irish law from March 2005. It is an important development in Irish employment relations, as it increases employee information and consultation rights.

The National Centre for Partnership and Performance believes that it also represents an exciting opportunity for organisations to use partnership-style approaches to better anticipate and manage change in the workplace. Developing effective, two-way information and consultation practices can increase the levels of joint problem solving and employee involvement in meeting business objectives. Employee involvement in problem solving increases the knowledge and experience available to decision-makers.

Effective information and consultation practices can also serve as a catalyst for the development of innovative working practices, culture change and new forms of work. A major, EU-funded research project, undertaken by the Centre highlights that informing and consulting with employees can contribute to improvements in organisational performance, competitiveness and employment relations. Fostering employee voice and dialogue also generates tangible gains for employees.

In addition to the research and case studies being published by the Centre, this publication has been prepared as a guide for organisations that wish to prepare for the introduction of the Directive in March 2005. It outlines the objectives, benefits and challenges of the Directive, along with examples of good practice and advice on preparatory activities in an easy to use format. It is suitable for use by employers, employees, their trade union or other representatives. It will also assist training consultants and/ or team leaders who need information for a training programme or briefing session.

The European Commission's DG Employment and Social Affairs funded this learning resource. I would like to thank the Commission and its staff for their support and advice throughout the project. I would also like to thank all of the organisations and individuals who participated in this research and take this opportunity to thank Lorraine Glendenning, who wrote this guide. In particular, Dr. Damian Thomas, author of the main research report, has done an excellent job in co-ordinating the overall project and synthesizing the research evidence.

Lucy Fallon-Byrne

Lucy Fallon-Byrne

Director, National Centre for Partnership and Performance

What is the Information and Consultation Directive and why do I need to know about it?

What is a European Union Directive?

A Directive is the most important legislative instrument used by the European Union. Its purpose is to create a uniform or 'whole EU' approach to an issue, e.g. labour law, while still respecting the diverse traditions and needs of member states. In other words, directives harmonise the law across the EU and iron out inconsistencies so that, as far as possible, the same conditions exist for all citizens in all Member States.

Member states **must** implement directives, but have some say in how they will do so. Member states, including Ireland, implement directives by changing their national law so that it is in line with EU rules. This is done in two stages.

Firstly, at EU level, the directive is written and adopted. It states the objective that is to be achieved by its implementation, e.g. setting out the minimum requirements for the right to information and consultation of employees. The social partners are usually involved in developing the Directive.

Secondly, this objective is translated into law by the Irish government. This normally involves enacting a new law or changing existing rules. The Irish government is currently preparing to implement or 'transpose' the Information & Consultation Directive into law.

What is the Information & Consultation Directive?

The primary objective of the Information & Consultation Directive is to establish a general framework setting out the minimum requirements for the right to information and consultation of employees.

In particular, the Information & Consultation Directive gives all employees in organisations employing more than 20 or 50 people the right to be informed and consulted on matters affecting their future working life.

What does the term Information mean?

The Directive defines information as:

the transmission, by the employer to the employees' representatives, of data in order to enable them to acquaint themselves with the subject-matter and to examine it.

What does the term Consultation mean?

The Directive defines consultation as:

the exchange of views and establishment of dialogue between the employees' representatives and the employer.

What are the key features of the Information & Consultation Directive?

The key features of the Information & Consultation Directive are outlined in Table 1 overleaf.

TABLE 1 Key features of the Information & Consultation Directive

- The Directive requires member states to establish a framework for the right to information and consultation for employees
- The Irish government can choose to apply these rights to either undertakings¹ with 50 or more employees or at the establishment level with 20 or more employees
- Information and consultation are defined as procedures that involve employee representatives according to national law and/or practices. The Directive requires:
 - Information on the recent and probable development of the undertaking's or the establishment's activities and economic situation
 - Information and consultation on the situation, structure and probable development of employment and on any anticipatory measures envisaged, in particular where there is a threat to employment
 - Information and consultation on, with a view to reaching an agreement, decisions likely to lead to substantial changes in work organisation or in contractual relations
- Information and consultation arrangements defined by agreement between management and labour, including at the undertaking or establishment level, may differ from those set out in the Directive
- Employee representatives will be required to treat information as confidential
- Sanctions for non-compliance must be effective, proportionate and dissuasive

When will it be implemented in Ireland?

Member states are obliged to implement the Directive by 23rd March 2005, with two exceptions. The United Kingdom and Ireland have until 23rd March 2008 to complete the implementation process. This is because they are the only two EU states that do not already have laws about informing and consulting workers in place. The two governments successfully argued that, because of this, Irish companies would need additional time to understand and implement the new laws. Ireland may apply the Directive in three phases:

- Undertakings with at least 150 employees (or establishments with at least 100 employees) must be covered by March 2005
- Undertakings with at least 100 employees (or establishments with at least 50 employees) must be covered by March 2007
- Full application of the Directive (to undertakings with at least 50 or establishments with at least 20 employees) will be required by March 2008.

1. An undertaking is an organisation. An establishment is one of the sites from which an organisation operates, e.g. one of the shops in a retail chain.

Why do I need to know about the Information & Consultation Directive?

The Directive is an important development in Irish employment relations. It gives employees the right to be informed and consulted on matters likely to impact on their jobs and future work practices. This may present a dilemma to employers, who are worried about the confidentiality of company information, or public companies that are worried about breaking stock exchange rules about informing shareholders. (The London Stock Exchange has publicly stated that informing employees at the same time as shareholders will meet their needs.)

If employers are unsure as to whether they currently provide information and consultation arrangements they should compare their arrangements to current practice in Irish organisations as outlined in this document.

If employers currently provide information and consultation arrangements, they should review their arrangements to ensure that they will meet the requirements of the Directive, as it is implemented in Ireland.

If employers do not currently provide information and consultation arrangements, they now have an opportunity to develop arrangements that suit the needs of their organisations before the Directive is implemented.

How flexible will these 'arrangements' be?

The EU has given the Irish government the flexibility to tailor its legislation in accordance with our national circumstances, preferences and employment practices. The Government is currently considering the kind of legislation it will bring forward and consulting with representative bodies such as IBEC and ICTU.

In addition, the Directive gives employers and employee representatives the right to customise their information and consultation arrangements to suit their organisational needs. In this way, the Directive remains flexible at every level of implementation.

Why is the Directive being introduced?

Employees have rights to information and consultation

Primarily, the Directive is concerned with ensuring that employees are informed and consulted with on issues concerning their terms and conditions.

It states that:

The existence of legal frameworks at national and Community level intended to ensure that employees are involved in the affairs of the undertaking employing them and in decisions which affect them has not always prevented serious decisions affecting employees from being taken and made public without adequate procedures having been implemented beforehand to inform and consult them.

Directive 2002/14/EC section (6)

In this context therefore the Directive focuses on the establishment of a general framework setting out the minimum requirements for the right to information and consultation of employees in undertakings or establishments.

In a recent survey, undertaken by the ESRI on behalf of the Centre, 5,000 Irish employees were asked about levels of information and consultation in their workplaces. The results were quite worrying.

Firstly, employees were asked to record whether they 'hardly ever' receive information from management on a range of items regarding the organisation. The responses ranged from:

- 36% stating that they 'hardly ever' received information on the introduction of new products or services
- 42% stating the same for changes in work practices
- over half 'hardly ever' receiving financial information, such as sales and profit figures, from the organisation.

It is interesting to note that well-educated, permanent, older workers in higher occupational classes generally feel that they are more involved and better informed than younger, less educated or unskilled workers.

Secondly, when asked about management consultation with employees regarding decision-making and change issues in the workplace, the responses were even more negative:

- Just over one quarter of employees recorded that they are ‘almost always’ consulted before decisions are made which affect their work
- A further 21% indicated that they are ‘sometimes’ consulted
- As many as 27%, however, indicate that they are ‘rarely’ or ‘almost never’ consulted
- Half of employees felt their views were taken into consideration
- 23% felt they were ‘rarely’ or ‘almost never’ taken into consideration
- Just over half of respondents stated that they were give the reasons for change ‘almost always’ or ‘often’
- 22% said they were ‘rarely’ or ‘almost never’ given reasons for organisational changes.

The survey results show that large proportions of Irish employees feel excluded from information and consultation processes.

Employee involvement improves organisational performance

The Directive states:

There is a need to strengthen dialogue and promote mutual trust within undertakings in order to improve risk anticipation, make work organisation more flexible and facilitate employee access to training ... make employees more aware of adaptation needs ... promote employee involvement in the operation and future of the undertaking and increase its competitiveness.

Directive 2002/14/EC (7)

There is a strong business case for organisations to enhance their internal processes for informing and consulting with their employees. To maintain Ireland’s economic and social progress we need to strengthen the basis of our knowledge-based economy and to move towards higher value-added economic activities. The uncertain economic climate that currently prevails presents public and private sector organisations with the challenge of responding to financial pressures without stifling innovation, performance and strategic capability.

In part, addressing these economic and organisational challenges will require the development of high performance workplaces capable of either thriving in highly competitive international markets or delivering high quality, value-for-money public services.

Pressures for change in Irish organisations

The ESRI, in association with the Centre, surveyed private and public sector organisations in order to ascertain the key pressures for change in Irish companies and organisations, and to identify the most common responses to change. While change pressures ranged from cost containment to increased customer demand to competition, the organisation's responses were surprising. They were focused on building capability rather than cutting costs.

In the private sector, responses to change pressures were primarily focused around product innovation and cost containment:

- Over 80% of companies stated that product quality improvement and customisation is a very important or important response to external pressures
- 72% stated that product innovation was a key response
- Two thirds stated the same about increased marketing or promotion
- Around two thirds of companies viewed training and development, increased workforce flexibility and increased staff involvement in problem solving and decision making as very important or important.

In the public sector:

- Manager and employee training and development was cited as a 'very important', or 'important' response to pressure by over 90% of respondents;
- 86% of organisations viewed developing service quality standards as being a key response to change pressures;
- 87% of organisations felt the same about informing and consulting staff, as did 85% about including staff in decision-making and problem solving;
- Moving to a team-based approach to work was considered a 'very important' or 'important' response by 78% of respondents.

Clearly both sectors are responding to change by increasing the levels of innovation in either their products or services. Both sectors agree that increasing autonomy and levels of information, consultation and staff involvement in problem solving and decision-making are key responses to external change drivers.

Information and consultation are the building blocks of high performance

Recently, Dr. Chris Horn, Chairman of the Irish Management Institute, highlighted the employee relations' challenges facing managers in the current, turbulent business environment.

They include improving the value brought by staff to the organisation; fostering a shared understanding of business goals, market conditions and the need for strategic change with staff, and incentivising staff in an uncertain climate. Horn stressed that *'managers need to work with staff to address together the challenges faced by the organisation'*.

Horn's comments suggest that a simplistic 'command and control' approach to managing change is no longer appropriate. What is required is an open and collaborative framework to harness employee talents and experience to resolve the complex challenges facing organisations.

TABLE 3 Partnership – the key components (NCPD 2003)

Principles	Practices	Outcomes
<p>Good treatment of employees now and in the future <i>For example:</i></p> <ul style="list-style-type: none"> • Share in financial success • Feedback sought <hr/> <p>Empowerment: creating the opportunity for employee contribution <i>For example:</i></p> <ul style="list-style-type: none"> • Competency development • Control over work <hr/> <p>Employee rights and benefits <i>For example:</i></p> <ul style="list-style-type: none"> • Better long term security • More recognition and rights for collective bargaining <hr/> <p>Employee responsibilities <i>For example:</i></p> <ul style="list-style-type: none"> • Employees as flexible as required • Employees committed to organisation's goals 	<p>Participate in work decisions</p> <hr/> <p>Role in personal employment decisions</p> <hr/> <p>Participate in employee related issues (e.g. staffing levels)</p> <hr/> <p>Participate in organisational issues (e.g. major capital investment)</p> <hr/> <p>Flexible job design & focus on quality</p> <hr/> <p>Performance management</p> <hr/> <p>Employee share ownership</p> <hr/> <p>Two-way communication</p> <hr/> <p>Harmonisation (e.g. common pension scheme)</p> <hr/> <p>Commitment to employment security</p>	<p>Employee outcomes <i>For example:</i></p> <ul style="list-style-type: none"> • Higher levels of trust • More active involvement • Better quality of ideas <hr/> <p>Management Outcomes</p> <hr/> <p>Employee response <i>For example:</i></p> <ul style="list-style-type: none"> • Greater engagement with partnership • More commitment and contribution <hr/> <p>Employment relations <i>For example:</i></p> <ul style="list-style-type: none"> • Improved labour retention • Lower levels of absence and conflict <hr/> <p>Organisational Performance <i>For example:</i></p> <ul style="list-style-type: none"> • Higher productivity, quality and innovation • Higher sales and profits

SOURCE: DERIVED FROM GUEST AND PECCEI (2001)

The Centre's recent publication *Achieving High Performance: Partnership Works – the International Evidence* draws together national and international evidence to support the idea that employee involvement

in joint problem solving and decision-making increases innovation and flexibility levels in organisations. This in turn improves productivity and competitiveness in an increasingly challenging business environment (see Table 3).

The Directive states:

Timely information and consultation is a prerequisite for the success of the restructuring and adaptation of undertakings to the new conditions created by globalisation of the economy, particularly through the development of new forms of work organisation.

Directive 2002/14/EC (10)

Although high performance workplaces are characterised by a wide range of practices, effective information and consultation are the basic building blocks. In particular, they serve as a catalyst for the development of innovative working practices, culture change and new forms of work organisation necessary to cope with the pace of change in a modern economy. More specifically, they underpin the development of a collaborative framework to harness employee knowledge and experience in order to resolve complex challenges facing organisations.

The implementation of the Information and Consultation Directive represents an opportunity for Irish organisations to develop these building blocks for high performance.

Information and Consultation Arrangements in Ireland

The Centre has completed a EU-funded research project that examined the information and consultation practices of fourteen organisations operating in Ireland (see Table 4).

The project identified the kind of information and consultation arrangements that exist in Ireland. It took into consideration issues such as organisational size and ownership, management style, unionised and non-unionised companies, and public and private sector organisations. The research outcomes identified good practice in both formal and informal methods for implementing information and consultation arrangements. A comprehensive report, containing the fourteen studies and key learnings, is available from the Centre's website www.ncpp.ie.

What approaches to informing and consulting with employees can I take?

There are four main approaches to sharing information and promoting dialogue between employers, employees and their representatives. Each approach is useful for specific issues and at specific times. It is up to the organisation to decide how to develop a mix of information and consultation arrangements. The approaches are:

- Direct information sharing – the organisation communicates directly with employees;
- Indirect information sharing – the organisation shares information with employee representatives;
- Direct consultation – the organisation consults with employees directly;
- Indirect consultation – the organisation consults with employee representatives

TABLE 4 EU Information and Consultation Directive Project – participating organisations

Allianz Ireland
Barnardos
Beckman Coulter Instruments
Dell
Dublin City Council
Electric Paper Company
ESB
Galway/Mayo Institute of Technology
GE Interlogix
Medtronic
Multis
Nortel Networks
Roches Stores
Vhi Call Centre

What are the most common forms of Direct Information Sharing?

Irish organisations are utilising and experimenting with a wide range of mechanisms to communicate information and data directly to employees. As outlined in Table 5, direct information sharing arrangements include written, electronic and face-to-face methods. While there were certain practices and procedures common to the majority of organisations, the research showed that each organisation developed a customised bundle of approaches that best suited its needs.

For example, the strong technological focus of a number of organisations e.g. – Dell, Nortel Networks, Electric Paper Company, Allianz and GMIT, facilitated and encouraged the extensive usage of ICT for this purpose.

At Electric Paper Company, intranet, email, audio-conferencing and web-based video conferencing with foreign offices are all used to communicate with staff.

At Nortel Networks a sophisticated, worldwide communication service is overseen by the company's Canadian office. It includes a company intranet with a 'Services @ Work' section which is updated daily and provides employees with information about the work environment, corporate information and employee relations.

Although many written and electronic mechanisms are available, the most effective form of direct information disclosure for the majority of organisations appears to be face-to-face employee briefings. The level at which face-to-face employee briefings occur varies from organisation to organisation, but the most common is the team briefing. Team briefings also promote a team-based ethos and approach to work organisation across the fourteen case study organisations.

In addition to these formal mechanisms, informal and highly personalised interchanges remain key in most organisations.

For example, Medtronic line managers convey information directly to staff on the shop floor as issues arise. Managerial visibility and management by walk about are also encouraged by organisations as a means of stimulating such informal exchanges.

Table 5 Channel for direct information disclosure

Written Methods

- Company handbook
- Employee handbook
- Newsletters
- Employee Briefings
- Bulletins
- Notice boards
- Memos & Information notes
- Annual Reports
- Circulars
- Quarterly Business Updates

Electronic Methods

- Email
- Audio-conferencing
- Web-based conferencing
- Intranet / Internet
- Databases
- Webcasts

Face-to-face Methods

- Employee briefings – team, business unit, department
- Large scale staff meetings – inter-departmental, organisation-wide
- Breakfast/lunch briefings
- Management chain/ information cascades

What are the most common forms of Indirect Information Sharing?

The three most common ways in which indirect information sharing takes place within the case study organisations are industrial relations activities, partnership arrangements and European Works Councils.

Organisations can utilise one or more of these arrangements. Table 6 shows that most of the organisations surveyed utilise two methods, mainly IR and partnership. European Works Councils are not very common in Ireland and are used primarily by multinational companies with sites in other European countries.

Table 6 Indirect information sharing and consultation

Organisation	Established industrial relations structures	Partnership-style arrangements	European works councils
Dublin City Council	Internal industrial relations committees & structures	DCC Partnership Forum	N/A
Medtronic	Regular management/ union meetings	N/A	Medtronic EWC
Roches Stores	House committee	N/A	N/A
GMIT	Internal industrial relations committees & structures	GMIT Partnership Committee	N/A
Allianz	Internal union/ management committee	Group Enterprise Forum	N/A
GE Interlogix	Factory floor committee	Staff Association	N/A
ESB	Internal industrial relations committees & structures	Central and local partnership arrangements	N/A
Barnardos	Internal industrial relations committees & structures	N/A	N/A
Vhi	Industrial relations Forum/house committee	Partnership Forum	N/A
Beckman Coulter Instruments	Management/ union committee	Partnership Committee	N/A
Nortel Networks	N/A	N/A	Nortel European Forum

In addition to the mechanisms outlined in Table 6, one of the Centre’s case study organisations, when making redundancies recently, put temporary employee representative arrangements in place, for both unionised and non-unionised staff. This was in accordance with the EU Collective Redundancies Directive. This organisation also has two employee representatives on its Pension Trusteeship.

Industrial relations activities

In the organisations that formally recognise trade unions, established industrial relations structures are key mechanisms for imparting information to employee representatives. This is particularly evident in relation to information concerning pay or changes in work practices. In some companies this was regularised through monthly union-management meetings. In others, meetings take place as and when necessary.

Table 7 Facilitating direct consultation

Individual forms of direct consultation

- Performance reviews
- Training and development reviews
- Employee appraisals / 360 degree systems
- One-to-one meetings
- Attitude / employee surveys
- Suggestion schemes

Group forms of direct consultation

- Temporary groups – time limited and issue specific i.e. project groups, task forces or focus groups
- Permanent Groups – discuss work related topics on an ongoing basis

Partnership arrangements

Indirect information sharing also occurs through formal, partnership-style arrangements. According to the Centre’s research, employee representatives engaged with partnership generally receive a high level of information regarding company strategy, organisational performance and other core business issues.

For example, the Group Enterprise Forum at Allianz is very business-focused and consequently, employee representatives are provided with information on company strategy; product and service diversification; financial and organisational performance and other competitiveness-related issues.

European Works Council

Only two of the organisations in this study – Medtronic and Nortel Networks – had European Works Councils in place. In both instances, employees from the Irish facilities serve as designated employee representatives. The EWCs, which are transnational forums, focus on providing staff with business and organisational information relating to the company on a European-wide basis or with implications for facilities in two or more countries.

What are the most common forms of Direct Consultation?

Direct consultation provides an opportunity to develop employee voice and to encourage dialogue with management on key business issues. It can be undertaken with employees in a group setting or individually, as outlined in Table 7.

Individual consultation

Consultation at the individual level can occur when taking stock of the individual's performance, for example at performance, career or training reviews. In addition, employee surveys and suggestion schemes can facilitate individual consultation on improving organisational performance.

At Dell, for example, regular one to one meetings are held with individual employees for the purpose of stimulating employee feedback on work related issues. In addition, performance reviews that include a training and development dimension are undertaken for all employees.

Group consultation

Organisations in the Centre's research project also made extensive use of temporary and permanent group forms of consultation. Temporary groups are established for a specific purpose and are dismantled once the project in question has been completed.

For example, at Roches Stores, a project group involving management and employees was established to design and implement a new Internal Stock Control System. The involvement of staff in this initiative was a new departure for the organisation. Management felt this approach brought new ideas to the table. The project was completed without generating industrial relations problems, because the company engaged in meaningful consultation with employees at an early stage in the project.

Organisations also put permanent groups in place to discuss work-related topics on an ongoing basis.

In the ESB, a Corporate Safety involvement group is responsible for driving the organisation's safety strategy at the highest level. Permanent local safety groups, comprising managers and employees, are charged with formulating local safety plans. The ESB feels that this approach has increased safety levels, reduced accident rates and improved working practices across the company.

A strong characteristic of these direct consultative groupings is the emphasis on using consultation to underpin continuous improvement.

At Beckman Coulter Instruments, this has been formalised in the company's Continuous Process Improvement (CPI) programme. The programme provides opportunities for employees individually, and as part of a team, to outline their ideas about work and process improvement. A CPI improvement team examines a particular issue or problem, comes up with solutions and makes recommendations to the CPI steering committee. The recommendations are assessed and given a recognition award if appropriate. According to management, the programme has been very successful and has contributed to changes in work practices, improved quality and reduced costs.

What are the principal forms of Indirect Consultation?

The principal arrangements for indirect consultation in Ireland are industrial relations structures and partnership groups. The Centre's research shows that, in industrial relations structures, consultation over change generally takes place where a formal agreement is already in place. In some instances, consultation evolves into more formalised negotiations between management and unions.

A number of organisations operate an 'open door' relationship between management and union officials. In these examples, management regularly use informal exchanges to collate the views and opinions of union officials on specific matters. This type of informal indirect consultation can help to resolve issues before they become problematic.

Example of Partnership: The Electricity Supply Board

The ESB has formalised partnership structures that are characterised by a strong relationship between the Executive Director Team (EDT) and a group of union officers and officials who meet once per month. All matters relating to the future of the organisation are discussed during this meeting. In addition, management and the trade unions have a joint agreement on partnership with full-time resources supporting and driving partnership through corporate and local level groups. These arrangements have contributed to the development of an organisational culture that encourages joint problem solving. Equally partnership has also underpinned the development of positive working relationships and a stable IR environment.

The maintenance of stable and pro-active management and union relationships has facilitated ESB in successfully meeting the twin challenges of regulation and competition. The partnership ethos in ESB is to consult and negotiate through a partnership process so that the adversarial approach does not have to be used. Although the company has established IR procedures, in general management and trade unions progress their business through formal or informal partnership processes. They only resort to industrial relations processes when relationships break down on a specific issue.

With regards to partnership-style arrangements, the level and scope of consultation varies considerably between organisations. As is evident from the example below, a high degree of consultation over core organisational issues is possible using partnership arrangements at strategic and local level.

Non-unionised organisations

Organisations that do not have a trade union presence generally do not have industrial relations or partnership arrangements in place. The forthcoming Irish legislation will clarify whether non-unionised or partly unionised organisations will need to put in place practical arrangements for facilitating indirect employee representation. The Government will define what is meant by 'employee representative' when it implements, or transposes, the Directive. In the meantime, organisations have an opportunity to develop, customise and implement representative arrangements that suit the needs and culture of both the organisation and its employees.

The benefits of information and consultation: What's in it for my organisation?

International research has highlighted the positive impact that informing and consulting employees has on organisational change. Information and consultation provides mutual benefits for organisations and employees (see Table 8).

The National Centre for Partnership and Performance has completed research and case studies of information and consultation practices in Irish organisations. In the Irish context, the Centre's research shows that effective practices for informing and consulting with employees can generate a range of mutual benefits for organisations and employees, as outlined in Table 9.

TABLE 8 The benefits of informing and consulting with employees and their representatives (based on international research)

- Improved communication across the organisation
- 'Tapping' staff knowledge and expertise
- Problems resolved earlier and more effectively
- Improved understanding of business goals
- Greater responsiveness to and acceptance of change
- Greater staff ownership of issues
- Improved staff morale
- Improved focus on quality of working life
- Better staff retention
- More flexible working practices
- Improved employment security
- Higher levels of skill acquisition
- Better articulation of business strategy
- Higher levels of staff commitment and involvement
- Improved customer focus
- More effective implementation of strategy
- Greater degree of trust and transparency
- Better quality decisions
- Better team performance

Improved organisational performance

Both management and employee representatives highlighted the contribution that effective and meaningful information and consultation practices can make to general organisational performance in terms of enhancing competitiveness, improving service delivery and customer focus and improving employee's understanding of organisational goals and objectives. In part, these identifiable benefits are indicative of the capacity of information and consultation to contribute to improvements in organisational capability.

Increased organisational capability

Companies involved in the project felt that increased information and consultation can help to stimulate increased levels of organisational adaptability and flexibility. A more participatory approach to management can generate better-informed decision-making and facilitate more effective implementation of change initiatives.

Increased ability to implement change

A core part of the business case for better information and consultation practices is its potential to contribute to an organisation's strategic capability for managing and anticipating change. Although higher levels of employee participation and involvement need the implementation of an integrated bundle of human resource practices, effective systems for informing and consulting with employees are evidently core elements of the bundle.

Building organisational capacity for managing and indeed anticipating change is pivotal if organisations are to meet their strategic goals. In this context, it is critical that managers and employee representatives clearly identify the positive contribution that informing and consulting with employees can make to effective change (see Vhi Call Centre example).

TABLE 9 The benefits of informing and consulting with employees (Based on NCPP research)

Organisational performance

- Increased competitiveness
- Better standards of customer service and customer focus
- Improved understanding of organisational goals

Organisational capability

- Better informed decision-making
- Increased capacity for problem-solving and innovation
- Increased adaptability and flexibility
- Effective implementation

Change

- Openness to change
- Increased ability to anticipate and manage change
- More flexible and adaptable ways of working
- Continuous improvement
- Employee engagement in change

Human Resources / Industrial Relations

- Better staff-management relationships
- Improved IR culture
- Increased trust and openness
- Increased employee commitment
- Increased employee involvement

Employees

- Stronger employee voice
- Increased job satisfaction and autonomy
- Better working environment
- Sense of being valued

Improved HR/ IR environment

In relation to HR and/or Industrial relations effective practices and procedures for informing and consulting are associated with more open and co-operative staff-management relationships. In unionised organisations there was also a benefit in terms of a better industrial relations climate. It should be noted that a positive industrial relations environment and a progressive approach to informing and consulting employee representatives have a somewhat symbiotic relationship. Finally, effective information and consultation was also seen as underpinning improvements in both employee commitment and involvement

Mutual gains for employees

The development of progressive communications strategies offers increased opportunities for employee voice within individual organisations. The opportunity to have a say and feel listened to creates a positive working environment in which staff feel they are valued. Similarly, increased opportunities for involvement and participation are associated with greater autonomy over certain aspects of work and consequently, improved levels of job satisfaction.

The adoption of effective mechanisms for employee voice also fosters the development of a more flexible and adaptable workforce that embraces continuous improvement and innovation. This openness to change is underpinned by fact that informing and engaging with employees can create a better or shared understanding of why change is occurring. Acceptance of change is reinforced when employees have a good awareness of key organisational goals and the business environment in which they are operating.

Developing a better understanding of why and how change is occurring also prevents uncertainty developing in the workforce. A number of managers noted that if employee uncertainty is not addressed it can create employment relations problems and damage employee morale. The development of more sophisticated procedures for informing and consulting with staff enables employees to drive the change in question and have more control over it. This gives change a greater degree of legitimacy and credibility.

Example of change through consultation at the Vhi Call Centre

At the VHI Call Centre, a performance management system is pivotal to the day-to-day operations and work of the telephone agents. In this context a new On-Line Performance Management System was formulated, piloted and implemented using an extensive process of employee involvement and consultation. Employees highlighted the problems with the existing system and identified pragmatic, innovative solutions based on their knowledge and experience of the job and the products they were delivering. The new system is considered to have delivered benefits to the organisation, external customers, the team leaders and the telephone agents.

Developing information and consultation arrangements – the challenges

Like all other innovations in employee relations, the development of effective information and consultation arrangements will present a number of challenges to organisations, to employers and to employees.

Agreeing when information should be disclosed

Many Irish organisations have developed comprehensive strategies to ensure employees are informed about operational, strategic and employment relations' issues. Despite this, there can often be a divergence of opinion between management and employee representatives regarding the stage at which such information should be disclosed. The Centre's research shows that employees feel that they are normally informed at the mid-planning or implementation stage. This contrasted with management perceptions that employees are generally informed at an earlier stage of the decision-making cycle, i.e. early or mid-planning stage. This difference of opinion can lead to disagreement between the parties and to cynicism among employees. It is important to ensure that everyone is clear about when employees will be informed and consulted about business issues, and to what extent their views will be taken on board.

Combining information & consultation with managers' right to manage

Some managers are uneasy about consulting with employees. There is a perception that such activity challenges the right of managers to manage and constrains the flexibility and speed of organisational decision-making. Although employee involvement and participation are an increasingly important element of the managerial lexicon, it is also evident that enthusiasm for a consultative approach to decision-making varies considerably between managers across and, more importantly within, Irish organisations.

Equally however, most of the organisations involved in the Centre's research have attempted to increase the scope and quality of individual and group consultation. In these instances, employee consultation is seen as supporting, rather than challenging, the right of managers to manage. The adoption of a more participatory approach to decision-making was based on the need to broaden the level and quality of employee input into decision-making, while recognising that managers are responsible for making the final decision.

Ensuring consultation is meaningful

It is important that employee engagement is meaningful and that employees views are listened to and taken on board by management. As has been highlighted in Irish and international research, some consultation structures are little more than sophisticated communication systems and offer employees no influence over matters that affect them. Dialogue in these instances is merely paying lip service to the concept of consultation, as the decision is generally already a *'fait accompli'*. In these situations, the consultation process does not improve the quality of decision-making and only serves to foster employee dissatisfaction.

Creating space for information and consultation activities to evolve

Although the Directive distinguishes between information and consultation, and organisational agreements may seek to clearly define the practices, as arrangements are implemented, the distinction often becomes blurred.

For example, at Multis, Breakfast Briefings incorporate the communication of core business information and discussion and debate around these and other business issues. The development of this type of organisational culture, in which employees are encouraged to engage with management and offer feedback on issues, ensures that a clear distinction between informing and consulting is difficult.

This is not necessarily a challenge. In part there is an evolutionary dimension to this new era in employee relations.

At GE Interlogix, for example, Employee Focus groups established to benchmark how effectively the company was disseminating information on key business metrics evolved into a forum for employee dialogue and voice.

Similarly, some employee representatives involved in the Group Enterprise Forum at Allianz, feel that the current focus on informing representatives and stimulating two-way communication will become more consultative over time.

A reliance on informal dialogue and highly personalised relationships further blurs the distinction between informing and consulting, especially in organisations where management enjoys a positive and open relationship with employee representatives. However, it is important to ensure that managers, employees and employee representatives develop a shared understanding of the boundaries of the processes in which they are engaged (processes such as information, consultation, joint problem solving, implementation, monitoring).

Good practice information and consultation examples

Many of the organisations surveyed in the Centre’s research project felt that the information and consultation arrangements currently in place would meet the needs of the Directive. Within three of the companies – Vhi, Allianz and GE Interlogix – there was a strong level of consensus that their existing partnership-style consultative structures, allied to their overall approach to informing and consulting employees, would in fact exceed the minimum requirements of any future regulation (see examples).

At Allianz both management and employee representatives were confident that their Group Enterprise Forum (GEF) meets the practical requirements and overall spirit of the Directive. They highlighted the following characteristics:

- The fact that it was the product of a negotiated agreement
- A written constitution
- An open and elected membership
- The focus on key business issues and
- The emphasis on both information sharing and two-way communication.

Similarly the Vhi Call Centre respondents were confident that the structure, composition, character and function of their Partnership Forum would more than exceed any future statutory requirements. The Vhi group also felt that the Directive would have a positive impact in terms of concentrating management’s attention on the need to continuously improve the effectiveness of the organisation’s communication practices.

Informing and consulting with employee representatives – examples of good practice

VHI Partnership Forum:

The Partnership Forum is comprised of elected employee representatives, the CEO, two HR representatives and the House Committee Union Chair. A trade union official is invited to all the meetings and, depending on the issue in question, senior representatives from different parts of the business may also attend. The CEO formulates the annual programme of work for the Forum with the other members. The Forum discusses all issues related to the ongoing development of the organisation, apart from pay and conditions

Both management and employees view the partnership arrangements as being beneficial and the working relationships within this body were described as both positive and pro-active. The partnership forum provides a basis for effective exchange of information – horizontally and vertically – between the various participants. This serves to provide the employee representatives with a greater understanding of the strategic issues facing the organisation. It also affords representatives an opportunity to have input into such issues and is an important source of employee voice.

Allianz's Group Enterprise Forum (GEF):

The GEF was established in 1998, following an agreement between management and the MSF trade union. The purpose of the Forum is to facilitate information exchange, increased employee participation and enhanced dialogue with a view to improving company performance in a manner that generates mutual gains. Membership is comprised of management representatives, including the CEO, elected staff representative and two internal union nominees. Within the GEF, employee representatives are provided with information on key business issues and strategies. Additionally, there is an opportunity for employee representatives to engage in effective two-way communication with senior managers on key business issues.

Although employee representatives agreed that senior management did listen to them, they also affirmed that on certain issues the consultative aspects of the forum needed to be enhanced. Within the GEF there is a positive working relationship and a strong emphasis on both maintaining confidentiality and on encouraging an open debate on key issues. As an effective information and consultation forum with the company the GEF has served to encourage staff engagement with key business issues, foster and enhance employee voice and improve how senior management communicates key business decisions.

GE Interlogix Staff Association:

Staff elect employee representatives to this partnership body and there are a designated number of positions for different staff/functional groupings, which has resulted in a combination of union and non-union employee representatives. The Staff Association has a formal written and agreed constitution. The Staff Association engages with general company and employment related issues. There is a very strong focus on addressing functional, day-to-day issues that impinge on employees' working environment. Participants in the Staff Association indicated that there is a positive working relationship within the Forum underpinned by an emphasis on 'providing reasonable solutions' and the fostering of a shared sense of purpose. In addition to serving as a mechanism for informing and consulting with employee representatives, the Staff Association has also become a key mechanism for employee voice as staff use it as a vehicle to raise work-related issues. The Staff Associations influence over managerial decision-making varies. On more strategic issues the emphasis is on 'informing' employees. Conversely it does exert a major influence over the operational issues that employee representatives bring to the forum.

What should my organisation do now?

Preparatory Activities

The Directive will not begin to come into force until March 2005 and the Irish legislation is not yet available. Nevertheless, there are a number of activities that organisations can engage in at this stage, in order to make compliance under the Directive easy and productive.

- Raise the issue with the other stakeholders in your organisation – managers, employees, employee representatives such as trade union members and full time officials, partnership committee members, worker directors and other Board members. Identify any barriers, or fears about the Directive and begin to allay them.
- Take time to consult with the organisation's staff. How informed do they currently feel? What are the most important information channels in the organisation? What are the key barriers to effective information and consultation? This can be done formally or informally, using surveys, focus groups, or existing team meetings.
- Audit and review the information and consultation activities that are currently in place in the organisation and consider their compatibility in the context of the Directive. A checklist of direct and indirect practices, drawn from the case study organisations, is provided in this publication and this may assist organisations in undertaking such a review exercise. As the Centre's research highlights, direct and indirect practices for informing and consulting are not exclusive but rather are in practice complementary and mutually supportive. Equally, undertaking such a review exercise provides an opportunity to examine the effectiveness of existing practices and arrangements as it is the utility rather than the number of such mechanisms that is important in terms of seeking to enhance current approaches to informing, communicating and consulting with employees and/or employee representatives.
- Begin planning an information and consultation strategy to ensure that the implementation of the Directive will drive increased employee involvement and improved performance in the organisation.
- The following principles are distilled from the fourteen case studies undertaken by the Centre. They outline a framework for good practice in organisations.

Principles of a good practice approach to information & consultation

- Adhere to the spirit of the Directive, which is to ensure employees receive the information to which they are entitled, and to implement arrangements that enable information and consultation to improve decision-making and organisational performance.
- Recognise that there is no one model of good practice and that the key is to develop and customise practical arrangements that meet the needs and culture of the organisation and its employees.
- Adopt benchmarks of good practice when developing an information and consultation strategy. This will assist the organisation to measure the impact of information & consultation on its performance and profitability.
- Approach the implementation of the Directive with a commitment to openness and transparency.
- Be mindful of the need for confidentiality in today's competitive environment.
- Foster a culture of information sharing, joint problem solving and consultation in the organisation. Identify 'champions' who will advocate this approach. Ensure that all managers in the organisation have the necessary skills to inform and consult with employees and their representatives.
- Recognise that the key to more effective informing and consulting lies not so much in the bundle of practices that are adopted as in the context, manner and spirit in which they are introduced and progressed.
- Ensure that employee representatives have the skills necessary to engage in information and consultation activities on behalf of the organisation's staff.
- Ensure that information and consultation arrangements are built on existing practices, not in addition to them, and that the arrangements are aligned with the objectives of the organisation's HR and industrial relations approaches.
- Align information and consultation activities with the organisation's strategy and business plan.
- Understand that information and consultation arrangements evolve as trust grows, and allow room for experimentation and innovation.

Information and Consultation activities checklist

Direct information sharing	Yes/ No
<i>Written Methods</i>	
Company handbook	
Employee handbook	
Organisational newsletter	
Employee briefings	
Bulletin boards	
Notice boards	
Memos and information notices	
Annual Reports	
Staff circulars	
Quarterly business updates	
<i>Electronic Methods</i>	
Email	
Audio-conferencing (telephone)	
Web-based conferencing	
Video conferencing	
Intranet/ Internet postings	
Databases	
Web casts	
<i>Face-to-face methods</i>	
Employee briefings – individuals	
Team briefings – team, business unit, department	
Large scale staff meeting – interdepartmental, organisational wide	
Breakfast briefings	
Working lunches	
Management chain briefings	
Information cascades	
Shop floor briefings	

Continued overleaf

Direct consultation	Yes/ No
<i>Individual consultation</i>	
Performance Reviews	
Training & Development Reviews	
Employee appraisal/ 360 degree systems	
One-to-one meetings	
Employee surveys/ attitude surveys	
Suggestion boxes	
<i>Group consultation</i>	
Temporary Groups – time limited and issue specific i.e. project groups, task forces or focus groups	
Permanent groups – e.g. Quality Circles, or others that discuss work related issues on an on-going basis	
Indirect information	Yes/ No
Industrial Relations Structures and Agreements	
Partnership-style arrangements	
European Works Councils	
Occupational Health and Safety	
Collective Redundancies	
Mergers and Acquisitions	
Pension Trustees	
Indirect Consultation	Yes/ No
Industrial Relations Structures and Agreements	
Partnership-style arrangements	
European Works Councils	
Occupational Health and Safety	
Collective Redundancies	
Mergers and Acquisitions	
Pension Trustees	

Additional reading and useful contacts

Additional reading

DTI (2002), *High performance workplaces – the role of employee involvement in a modern economy*, Department of Trade and Industry (UK)

Dundon, T., Curran, D., Maloney, M. and Ryan, P. (2004) *Organisational Change and Employee Information and Consultation*, CISC, NUI, Galway, commissioned by the DETE

IPA (2001), *Sharing the challenge ahead*, London: Involvement and Participation Association.

IPA (2002), *Towards the high performance workplace*, London: Involvement and Participation Association.

National Centre for Partnership and Performance (2003). *Achieving High Performance: The International Evidence*. NCPP, Dublin, 2003.

National Centre for Partnership and Performance (2003). *Update, the Bulletin of the NCPP, Issues 3 and 4*. NCPP, Dublin, 2003.

National Centre for Partnership and Performance (2003). *Information and Consultation – A Case Study Review of Current Practice*. NCPP, Dublin, 2003.

Sisson, K. (2002), 'The Information and Consultation Directive: unnecessary "regulation" or an opportunity to promote "partnership"?', Warwick Papers in Industrial Relations, No: 67, Industrial Relations Research Unit (IRRU), Warwick University, Coventry.

Useful contacts

Irish Social Partners

Department of Enterprise, Trade and Employment
Kildare St., Dublin 2
T 353-1-631 2121
E info@entemp.ie
W www.entemp.ie

IBEC
Confederation House,
Lower Baggot St., Dublin 2
T 353-1-605 1500
E info@ibec.ie
W www.ibec.ie

Irish Congress of Trade Unions
30–32 Parnell Square, Dublin 1
T 353-1-889 7777
E info@ictu.ie
W www.ictu.ie

National Centre for Partnership and Performance
16, Parnell Square, Dublin 1
T 353-1-814 6300
E info@ncpp.ie
W www.ncpp.ie

European Union

European Foundation for the Improvement of Living and Working Conditions
Loughlinstown, Co. Dublin
T 353-1-204 3100
E postmaster@eurofound.eu.int
W www.eurofound.ie

**National Centre for
Partnership and Performance**

16 Parnell Square
Dublin 1, Ireland

Telephone 353.1.814.63 00
www.ncpp.ie

The National Centre for Partnership and Performance was established by the Government in June 2001 to support and facilitate change through partnership in the Irish workplace.

The Centre's mission is to:

- Support and facilitate Irish organisations in the private and public sectors, to respond to change and to build capability through partnership
- Bring about improved performance and mutual gains
- Contribute to national competitiveness, better public services, higher living standards and a better quality of work life
- Develop a vision for the workplace of the future.