

**Information and
Consultation**
A Case Study Review of
Current Practice



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Foreword

The European Employee Information and Consultation Directive which is due to be transposed into Irish law by March 2005, is an important development in Irish employment relations as it extends existing employee information and consultation rights. The National Centre for Partnership and Performance contends, however, that it also represents an opportunity to foster and deepen customised partnership-style approaches to managing and anticipating change at the enterprise/ organisational level. In particular, enhancing and improving information and consultation practices can underpin improvements in co-operative problem solving, employee involvement and organisational capacity to manage change.

The organisations in this review are undergoing continuous change driven by a complex combination of economic, political, social and technological factors. The capacity of individual organisations to respond, anticipate and indeed create opportunities for change will be pivotal to their future development. In part, successfully managing this level of change, will require the development of high performance workplaces capable of either thriving in highly competitive markets (international and domestic) or delivering high quality, value for money public services.

Although high performance workplaces are characterised by a wide range of practices, effective information and consultation can be viewed as the basic building blocks. They serve as the foundation for the development of innovative working practices, deep cultural change and new forms of work. Critically, the Centre's research highlights that informing and consulting with employees can contribute to improvements in overall performance, competitiveness, employment relations and the capability to manage and anticipate change. Clearly, creating opportunities for employee voice and dialogue also generates tangible benefits for employees.

This research demonstrates that organisations are adopting a relatively progressive and open approach to informing, communicating and consulting with employees. Equally there is a strong degree of support amongst managers and employee representatives for the general aims and objectives of this Directive. This study also highlights the various challenges that organisations will have to address in seeking to comply with the requirements of this Directive. Although these are very real challenges, the Directive should be viewed as an opportunity to mainstream practices and procedures that are designed to enhance commitment, promote learning, improve problem solving and achieve key organisational goals.

The European Commission's DG Employment and Social Affairs funded this project and I would like to thank the staff at the Commission for their support and advice throughout. Sincere thanks also to all the organisations and individuals who participated in the research and gave generously of their time and expertise in interviews with the Centre's staff. Finally, I would like to take this opportunity to thank the team of researchers from the Centre who assisted in carrying out this study, namely Lorraine Glendenning, Edna Jordan, Dr. Larry O'Connell and Cathal O'Regan. In particular, Dr. Damian Thomas as the main author of the report has done an excellent job in co-ordinating the project and synthesising the research evidence.



Lucy Fallon-Byrne
Director
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Executive Summary

This research was undertaken by the National Centre for Partnership and Performance as part of a project on information and consultation, supported by DG Employment & Social affairs. The aim of this project was to promote awareness of the new EU Employee Information and Consultation Directive, identify good practice and highlight the mutual benefits of enhancing information and consultation processes and practices. This study adopted an intensive research methodology based on semi-structured interviews with managers and employee representatives in fourteen case study organisations, drawn from both the public and private sectors.

The European Employee Information and Consultation Directive

The context for this project was the adoption by the EU of the European Employee Information and Consultation Directive which is due to be transposed into Irish law by March 2005. The primary objective of this Directive, which is not prescriptive, is to “establish a general framework setting out the minimum requirements for the right to information and consultation of employees”. The EU has afforded government’s considerable flexibility to tailor this legislation in accordance with national circumstances, preferences and employment practices and in this regard the Department of Enterprise, Trade and Employment have already initiated a major consultative process on the proposed legislation.

The potential of this Directive

The Directive is an important development in Irish employment relations as it extends existing employee information and consultation rights. In addition the Centre contends that it represents an opportunity to foster and deepen customised partnership-style approaches to managing and anticipating change at the enterprise/organisational level. In particular, enhancing and improving information and consultation practices can underpin improvements in co-operative problem solving, employee involvement and organisational capacity to manage change.

The case for Informing and Consulting

All of the organisations in this study are grappling with the implications of ongoing change driven by a complex combination of economic, political, social and technological factors. The capacity of individual organisations to manage, anticipate and indeed drive such change will be pivotal to their future development. In part, successfully managing this level of change, will require the development of high performance workplaces capable of either thriving in highly competitive markets (international and domestic) or delivering high quality value for money public services. Although high performance workplaces are characterised by a wide range of practices, effective information and consultation can be viewed as the basic building blocks. They serve as the catalyst for the development of innovative working practices, culture change and new forms of work.

Critically this study affirms the strong business case that exists for improving and enhancing current practices. In particular the Centre's research highlights that informing and consulting with employees can contribute to improvements in organisational performance, competitiveness, employment relations and the capacity to manage and anticipate change. Fostering employee voice and dialogue also generates tangible gains for employees.

Key lessons and issues

Across the fourteen organisations the following key issues and lessons emerged in relation to current practice for informing and consulting with employees.

The majority of organisations, in this project, have adopted a relatively progressive and wide ranging approach to informing, communicating and consulting with employees, which has established a 'good' platform on which further progress can be built.

The incremental emergence of a more forward-thinking approach to informing and consulting employees would appear to be premised on the fact that many of the organisations in question have clearly identified communicating, informing and engaging with staff as an integral part of their business and organisational strategies.

In particular, designing effective systems for employee voice enables organisations to tap into the collective knowledge, experience and expertise of their key competitive asset – their employees.

There is a variable level of enthusiasm for adopting a more participatory managerial style not only between but also within the case study organisations. In general managers were more at ease with informing rather than consulting.

It is also evident, however, that the organisations involved in this study have attempted to progressively increase the scope and quality of individual and group consultation. Interestingly in these instances, employee consultation was seen as supporting rather than challenging the right of managers to manage.

Although the case studies provide strong evidence of the promotion of a more participatory approach to management, they also highlighted that consultation – either with individuals or groups – was less prevalent in the early planning stages of organisational decision-making compared to the mid-planning and implementation phases. The one major caveat to this general trend was in the unionised companies where early consultation on the core industrial relations issues of pay and changes in working practices was the norm. Even at the implementation stage consultation can however improve acceptance of change and also how effectively it is implemented.

In some instances, initiatives for employee dialogues consisted of channels of communication with different experiences of opportunity for employee input on issues.

A number of the companies, who are foreign-owned subsidiaries, indicated that on certain business issues, change was effectively imposed on the Irish facilities by the parent company without any prior process of informing and consulting of either management or employees. In this regard these managers were concerned that regulation that sought to enhance information and consultation would have to recognise that on certain issues the 'locus of decision-making' was outside of the national jurisdiction.

In practice the distinction between informing and consulting can be blurred especially in those organisations that promote two-way communication, employee involvement and upward problem solving. A reliance on informal dialogue and highly personalised relationships further blurs this distinction.

The case studies also highlight that direct and indirect practices for informing and consulting are not exclusive but rather are in practice complementary and mutually supportive. The interaction between direct and indirect mechanisms can also afford unions the opportunity to function as an important conduit for employees to express their views.

There was also strong agreement across the case study organisations that their current approach to informing and consulting was very much a work in progress. In many instances management concurred that they had only really begun to explore the potential of this issue. This, however, has encouraged a willingness to experiment and innovate with different mechanisms and practices.

Critically, making good information and consultation happen, requires more than putting certain mechanisms in place, as it is the utility of the practices and procedures that is the key. In particular the case studies suggest that the visible and continued support of top-level management for the development of a participatory management culture is pivotal. Consequently, the key to more effective informing and consulting lies not so much in the institutional arrangements that are adopted per se as in the context, manner and spirit in which they are introduced and progressed.

Attitudes towards the Directive

The majority of management respondents expressed their support for the general aims and spirit of this initiative, while balancing this with a very strong emphasis on the need to ensure that any future regulation did not constrain competitiveness and flexibility. Although employee representatives have as yet to fully engage with this issue there was strong support for any initiative that will enhance information and consultation practices.

The management interviews also highlighted a number of issues of concern, which the legislation for transposing the Directive into Irish law will have to address in an appropriate and practical manner. These issues include the need for flexible arrangements; confidentiality; the relationship with existing IR structures; the distinction between consultation and negotiation and the locus of decision making within multinational corporations. There was also agreement that meeting the requirements of this Directive will pose challenges to organisations.

While the nature and shape of future legislation will be pivotal in determining the impact of the Directive on organisations, one can assume that for many organisations there will be changes to the current culture and practices. For example, these might include earlier and increased levels of consultation, more regularised information flows and potentially new systems of indirect employee representation. These changes are clearly significant. While the Directive represents an important development in Irish employment relations its impact on current approaches towards informing and consulting with employees will take time to develop and evolve. What it will do initially however, at the very least, is to establish a legislative framework that will serve to focus attention on the need to enhance and improve individual organisation's existing culture and associated practices and procedures for informing and consulting. This attention might, in some instances, necessitate the development of new institutional arrangements within organisations, and as such this represents a significant development. For those organisations that currently lack any form of indirect representation this is potentially a new departure. In other instances however this improvement may be achieved by the adaptation, reconfiguring and/or formalising of existing arrangements, which is equally as important as the development of 'brand-new' institutional structures. Given that there was a strong consensus that communication and involvement strategies in most organisations were very much work in progress then the Directive's emphasis on strengthening dialogue and building mutual trust would appear to correlate with the direction that many organisations are seeking to travel.

Developing good practice

There is clearly no single model of effective practice for informing and consulting. Although the case studies are indicative of the diversity of approaches that can be adopted, they generate a number of principles that establish a framework of good practice. This provides management, employees and employee representatives with a framework they can draw upon, in striving to put in place appropriate and sustainable arrangements that will facilitate more effective information and consultation practices.

Introduction

This research study was undertaken by the National Centre for Partnership and Performance as part of a project on information and consultation, supported by DG Employment & Social affairs. The aim of this project was to promote awareness of the European Employee Information and Consultation Directive, to identify good practice and to highlight the mutual benefits of enhancing information and consultation processes and practices. This study adopted an intensive research methodology based on semi-structured interviews with managers and employee representatives in fourteen case study organisations, drawn from both the public and private sectors (see Appendix A).

Chapter two provides a review of practice and theory in relation to information and consultation and outlines the meanings of the various terms used and some of the key mechanisms. Secondly, it looks behind the terminology and processes to consider the case — in business, personal and societal terms — for information and consultation. Finally, the chapter examines recent research among Irish employees and employers on the use and importance of information and consultation in the workplace.

The primary objective of the European Employee Information and Consultation Directive, is to *'establish a general framework setting out the minimum requirements for the right to information and consultation of employees'*. In Chapter 3, the main provisions contained in this Directive are outlined. This chapter also considers some of the transposition issues of the Directive pertaining to Ireland.

A summary analysis of the range of practices and procedures currently utilised by individual case study organisations for the purposes of informing and consulting with employees is provided in Chapter 4. In particular this chapter focuses on four key areas. Firstly, it provides an overview of the range of information and consultation mechanisms present within the case study organisations. Secondly, it examines the key characteristics and lessons that emerge from the fourteen case studies in relation to informing and consulting. Thirdly it highlights the mutual benefits associated with informing and consulting. Finally it considers the contribution that such practices can make to the process of managing organisational change.

Chapter 5 examines the attitudes and perceptions of both management and employee representatives towards the European Employee Information and Consultation Directive. In particular it focuses on two main themes. Firstly, respondents' perceptions of the potential impact of the Directive on their existing organisational culture, practices and procedures for informing and consulting with employees. Secondly, what they considered would be the main challenges in seeking to comply, at an organisational level, with the requirements of any forthcoming statutory regulation on this matter.

This study recognises that there is no single model of effective practice for informing and consulting and indeed the case studies are indicative of the diversity of approaches that can be adopted. Chapter 6, however, demonstrates that the case studies also generate a number of principles that establish a framework of good practice. This provides management, employees and employee representatives with a framework they can draw upon, in striving to put in place appropriate and sustainable arrangements that will facilitate more effective information and consultation practices.

Finally Chapter 7 contains a fuller account of each of the fourteen individual case studies that were used in this study.

Chapter 2

Information and Consultation: Key concepts and research evidence

The Lisbon Agenda sets an ambitious competitive and social vision for Europe. Achieving this vision requires a shared understanding among all stakeholders of the changes needed at the level of the workplace and a willingness to embrace new ways of working.

This chapter considers the role that information and consultation has in building this shared understanding. The chapter provides a review of practice and theory in relation to information and consultation. It outlines the meanings of the various terms used and some of the key mechanisms. Secondly, it looks behind the terminology and processes to consider the case — in business, personal and societal terms — for information and consultation. Finally, the chapter examines recent research among Irish employees and employers on the use and importance of information and consultation in the workplace.

Key definitions: Values, meanings and mechanisms

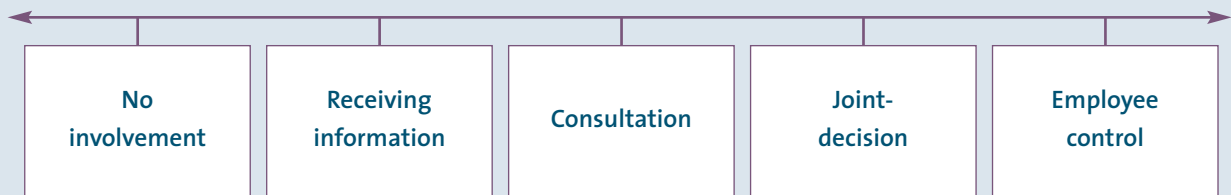
Increased pressure for change means organisations have to adapt in order to sustain and improve economic performance. A key question is what role do information and consultation processes play in the ongoing challenge to remain competitive? In order to capitalise on their human resources, many organisations have developed a variety of mechanisms for informing and consulting employees. This section describes the options and choices available to organisations and the factors that influence the quality of information and consultation.

It is difficult to prescribe a single model of effective practice. Organisations need to develop a combination of mechanisms that ‘best fit’ their circumstances and culture. However, it is important to define clearly the various mechanisms by which employees ‘find out about’ and ‘have a say’ in matters affecting them at work (Marchington 2003).

The mechanisms used for information and consultation are:

- **Employee Voice**, which refers to the extent to which employees have a ‘say’ about matters that effect them at work.
- **Information**, which refers to the transmission by the employer to the employees and/or employee representatives of relevant data.
- **Consultation** means the exchange of views and establishment of dialogue between the employer and the employees and/or employee representatives.
- **Employee involvement** is a term attributed to management-sponsored activities, typically focused on operational issues and designed, primarily, to increase employee commitment.
- **Employee participation** is the extent to which employees, either individually or collectively, are represented in organisational decision-making and can be either direct (management deals directly with employees) or indirect (management deals with employee representatives).

Figure 2.1



This section focuses on a related set of considerations that influence the nature and quality of information and consultation in any given organisation. These include:

- Form of each mechanism used
- Depth of influence
- Scope of issues covered
- Levels within the hierarchy
- Purpose for introducing
- Outcomes for parties involved

Firstly, information and consultation mechanisms come in a wide variety of **forms**. These typically appear in various combinations varying from one organisation to another. They can include electronic media (intranet), newsletters, staff briefings, quality circles, problem-solving groups and works councils. The key distinguishing feature is the opportunity for interaction. For example, newsletters are a one-way source of information, while staff briefings are two-way. Interaction may also occur directly with employees, for example in staff surveys or indirectly through representatives, for example in works councils. Research in this area would indicate that, while there is a growing popularity of direct mechanisms, a combination of direct and representative mechanisms incorporated within an overall 'employee voice' strategy, is most effective (Dundon *et al.* 2003).

Secondly, Blyton and Turnbull (1998) note that across the different forms it is possible to categorise the **depth** of employee involvement and participation on a continuum as illustrated above (Figure 2.1).

At one extreme, employees have no influence on organisational decision-making. At the other extreme, they exercise complete executive control. In this context, Frohlich (1996) makes a distinction between consultative participation (consultation takes place but management make the final decisions) and delegative participation (the decision itself is delegated to employees).

A third issue is the **scope** of potential topics covered in processes of information and consultation. This can range from relatively insignificant matters such as 'tea and toilet paper' to fundamental issues of corporate strategy. Some writers classify scope into 'task centred' versus 'power centred issues'. Task centred issues are concerned primarily with the structure and performance of the operations of the organisation. Power centred issues focus more on the strategic management decisions, which determine the environment within which the operations are performed (Salamon 2000).

Fourthly, different information and consultation practices may exist for different **levels** of the organisation. Often, employees at the bottom of the hierarchy are simply informed of developments when or after they occur. Management may consult with and delegate to workers at higher levels.

Fifthly, organisations may choose to inform and/or consult with their employees for different **purposes** ranging from a belief in best practice methods of human resource management to an attempt to get employees to ‘buy into’ change programmes. The underlying assumptions held about employee relations and the management of change is a critical influence on the quality of information and consultation.

Finally, the sustainability and significance of change is linked to **outcomes** both for the organisation and its employees. Decision-making can be improved by information and consultation. Decision-making is about ‘what to do’ **and** ‘getting things done’. If decision-making is narrowed to just questions of what to do then information and consultation may slow decision-making. However, if decision-making is about outcomes and about getting things done then information and consultation can improve and lead to faster decision-making.

Involving employees can improve outcomes in two ways. It can improve the quality of decisions about what to do because it is developed from a wider range of stakeholder inputs. It can also help with getting things done as those involved have greater understanding about the nature and need for change. There are also employee benefits. Employees tend to be more satisfied and motivated and work becomes more interesting and rewarding.

Case for Information and Consultation: International Research

The characteristics of successful workplace change and innovation are coming into sharp focus. In particular, attention is increasingly focused on the role of information and consultation. The Lisbon Agenda and the EU Directive on Information and Consultation will further reinforce this interest. This section examines research from a number of sources to highlight the case for information and consultation. The key sources of evidence are:

- National Centre for Partnership and Performance
- Involvement and Participation Association
- European Foundation for the Improvement of Living and Working Conditions
- National University of Ireland at Galway
- DTI (UK)

This research must be placed in context. To make the case for information and consultation this section highlights the benefits. However, there are difficulties. Building high performance on a foundation of information and consultation challenges many of the assumptions — about employees and their role — held by employers, management and employees and unions. The business case against information and consultation is often wedded to very traditional views about the rights of employers and the scope of managerial prerogative. In practice, it is often linked to things like lack of benefits, short-term pressures in the business and the risk of information disclosure. This report argues, through research and cases, that the benefits outweigh the costs.

At the level of the organisation, the idea that information and consultation can fulfil a fundamental role in fostering good employee relations as well as improving productivity and profitability is a consistent theme in the literature.

The National Centre for Partnership and Performance's report *Achieving High Performance – A Review of International Evidence* (2003), shows that employee involvement impacts on the bottom line. The evidence illustrates, that properly planned and supported, it can:

- Improve operating efficiency
- Improve market performance
- Increase customer/ client satisfaction
- Enhance product and process innovation
- Lead to more effective exploitation of investments in new technologies
- Ease management of fast growth
- Support better professional practice.

These findings are based on studies such as those listed below:

There are also long term and less tangible benefits associated with employee participation: it can create a capacity and openness for change. The case studies (Chapter 7) provide an indication of this ability to change. For example, the focus at Medtronic is on creating the conditions in which employees will want to contribute. This involves a strategic approach to HR practices linked to recruitment, performance appraisal, team building and financial reward.

This strategic value of HR is recognised by academics and professionals (IPA, 2001) and policy makers (DTI, UK 2002). Although identified by different labels (high performance work systems, innovative work practices and best practice HRM) these 'bundles' of practices have common elements including performance appraisal, team working/ briefings, investment in training and employee involvement and participation.

Productivity: Improvements of up to 20% linked to high involvement and co-operative union relations in US study of over 600 organisations
(Black and Lynch 1997 and 2000)

Innovation: A Finnish study at over 2000 organisations found that 37% of organisations defined as flexible introduced new products over last 3 years. The comparable figure for organisations defined as traditional was 3%
(EU Expert Panel IR and Innovation 2002)

Profits: In the US steel industry, a change from traditional work practices to an innovative bundle of practices led to \$1m increase in profits per steel production line
(Ichniowski 1997)

Value-added: A study of the Aerospace industry found that value-added increased by 20–34% in companies using high performance work practices.
(Thompson 1999)

In this context, the commitment to inform and consult with employees imposes a valuable discipline on management, ensuring that decisions are more robust and informed. Providing forums for employee involvement generally improves the quality of decision-making. Employee knowledge and experience at the operational level adds to management's knowledge of markets, products and competitors. Also, including workers within the consultation process means that they are more likely to accept the outcomes, even if they require additional effort or sacrifice. The important point seems to be that workers have to believe they have a say in matters that affect them for the outcomes to be regarded as positive (McCabe & Lewin 1992 and Oxenbridge & Brown 2002).

Information and Consultation: The benefits

Direct benefits

- Organisation learns from staff knowledge and experience
- Access to a wider pool of ideas
- Improved communication across the organisation
- Staff feel involved and listened to
- Staff understand decisions
- Staff can express their views.

Impact on work organisation and staff

- Greater responsiveness to change
- Potential impact of decisions on staff is considered
- Improved quality of work life
- Staff can influence organisational thinking
- Greater transparency and openness
- Enhanced commitment to solving problems
- Better informed decisions
- Better articulation of business strategy
- Problems resolved earlier and more effectively
- Greater ownership of issues.

Benefits to organisational performance

- Better staff retention
- Better reputation aids recruitment
- Better team performance
- Improved customer focus/service
- Enhanced participation of staff as stakeholders
- Less resistance to change
- Problems are flagged at an early stage.

There is also a personal case to compliment this business case. At the individual level it is a matter of personal dignity and an opportunity for satisfaction, growth and development. Most men and women spend a considerable proportion of their lives at work. Being able to exercise their voice through processes of information and consultation has a considerable impact on the quality of life they experience in the workplace. The literature on work motivation makes it clear that, in general, people prefer to be involved in decisions that affect their work. The European Information and Consultation Directive will formalise this employee preference as a right.

For Sisson, employee involvement should be viewed as an entitlement rather than a privilege (Sisson 2002). Citizens of the EU and other democracies are entitled to express their opinions about government decisions that affect their future. The EU Directive on Information and Consultation will require management to extend this right to the workplace and allow workers to be involved in decisions that may impact on work practices, terms and conditions and job security.

The Involvement and Participation Association (IPA) is the UK's leading body focusing on information, consultation, involvement and participation in the workplace with over a century of research and experience. The IPA sees the issue of business performance and the broader role of the individual as citizen as inextricably linked (IPA, 2002).

Evidence from research conducted by the IPA suggests that employees want to know what's going on in their organisation and while they do not necessarily want to be involved in discussions, they want to know that their voice is represented and has some influence on the outcome (IPA 2002). Diamond & Freeman's (2001) work on the British Workplace Representation and Participation Survey provides confirmation. They found that the majority of British workers want more say in decisions about work tasks, pay levels and organisational governance:

- 72% of employees think their workplaces would be better with some form of collective representation
- 74% favour both a union and a joint consultative committee/works council
- 82% of workers were in favour of legislation, which required management to meet with employee representatives.

Finally, there is also a societal case. The 'knowledge-based' economy, which the government is keen to promote, is arguably inconceivable without the active involvement of individual employees (Sisson 2002).

Encouraging employee voice is a crucial element in continuous improvement and in the development of a trust culture in which this can take place. Consequently information and consultation processes have an important contribution to make to national levels of productivity and performance.

It might also be anticipated that improvements will be made to the country's training and development record and to reductions in the costs associated with the intervention of third parties in the resolution of disputes. Government is also likely to gain from information and consultation in terms of the achievement of key policy objectives.

Irish Review and Analysis

Ireland and the UK are the only two member states without a permanent and statutory system for information and consultation. This has led to concerns about the level of genuine consultation in the Irish (and UK) workplaces.

Irish workplaces have the second highest proportion (58%) of workplaces without any kind of employee representation and among the highest proportions (44%) of workplaces not covered by collective agreements (EPOC 1999). Work at University College Dublin revealed that only 13 per cent of Irish workplaces reported some form of joint consultative committee (Roche and Geary 1998). In a similar survey conducted by the CISC at NUI Galway, only 39 per cent of respondents reported a joint consultative committee for the enterprise as a whole (Dundon and Curran 2003).

This section looks at new research on the approach to information and consultation. The evidence comes from surveys carried out, in 2003, by the Economic and Social Research Institute for the Centre. In the most extensive Irish study ever undertaken of change and practices in the workplace, over 5,000 employees and 2,000 employers in the private and public sectors took part in the surveys.

The results of these surveys provide the most comprehensive information to date on changes affecting Irish workplaces. They provide direct insight into how Irish workers are experiencing their workplaces and the changes occurring within them.

In particular, the surveys highlight the low levels of information and consultation with employees. High proportions of employees seem to feel that managers are not providing them with much information about key areas of change and are not consulting them on major decisions regarding their work:

- Between 36% and 42% of private sector employees said they were hardly ever provided with information in areas such as product/service innovation, introduction of new technology, levels of competition and changes to work practices
- Over half of private sector employees said they hardly ever received information on areas such as sales, profits or re-organisation of the company
- In the public sector, just over a quarter of employees said they hardly ever receive information on improving quality of services; approximately one-third record hardly ever receiving information on the introduction of new technology, re-organising of service delivery or changes to workplace practices; and 44% said they hardly ever receive information about the budget of the organisation.

In terms of prior consultation on major decisions affecting their work:

- Only 25% of employees said they are 'almost always' consulted before decisions are made
- As many as 27% indicated that they are rarely or almost never consulted
- Only half of employees felt their views were taken into consideration, and just over half stated that they were given reasons for change almost always or often
- 23% felt their views were rarely or almost never taken into consideration and 22% said they were rarely or almost never given reasons for change.

The pattern of responses regarding consultation were similar across both the public and private sectors, indicating that large proportions of employees feel excluded from the decision-making process and from information and consultation in the workplace.

The results from the employer surveys suggest that the majority of employers are supportive of employee information and consultation. In the private sector, over 60 per cent of respondents suggested that the information and consultation with staff on change was a practice which was in place. Further, arrangements for involvement of staff in work-related decisions were reported in two-thirds of companies and 70 per cent report that employees have discretion in the way their work is carried out. In the public sector, improving information flows and greater consultation with staff is seen as important among almost 90 per cent of senior managers. Similarly, allowing employees more discretion in managing and organising their own work is important to over 80 per cent of senior managers. However, it remains the case that at least a significant minority of employees are not receiving sufficient information and consultation in the workplace.

Taking this finding in context with the earlier empirical work on the incidence of various consultative mechanisms (EPOC, UCD and Dundon and Curran) it would seem to suggest a structural problem. However, case study evidence — from a study carried at NUI Galway on behalf of the Department of Enterprise, Trade and Employment — draws attention to difficulties of process rather than structure.

The NUI Galway findings suggest that there is gap between managerial intentions and employee experiences. Their study finds that management appear torn between the need to protect their decision-making prerogative and their understanding of the importance of gaining employee commitment to organisational change initiatives. The research uses data from 15 cases drawn from different sectors of economic activity. The authors argue that many of the employer-initiated schemes are little more than communication systems, which provide employees with very little influence on matters that affect them. Often the perceptions of management regarding the purpose, scope and effectiveness of the mechanisms differed dramatically from the perceptions of the employees.

The Centre's research among employees tends to confirm the need to attend to issues of process. In particular, it notes that difficulties experienced by employees in relation to information and consultation is strongly linked to educational attainment and social class. The Centre's survey found that there is quite a strong relationship between the amount of information employees say they receive from managers and level of education. More highly educated employees report that they receive the most communication. Occupational class is also strongly correlated with communication in the workplace, with managers and professional groups reporting much higher levels of communication than those in manual occupations, particularly unskilled manual workers. While these findings may, to some extent, reflect differences in employees' ability to access and assimilate information from management, the fact remains that less educated workers and those in less skilled occupations report substantially lower levels of communication in the workplace. These workers also report much less consultation about decisions and changes affecting their work. The higher the level of educational attainment and occupational class, the higher the perceived level of consultation. The overall picture that emerges from these findings is that education and occupational class play a dominant role in determining the level of information and consultation that employees perceive they are receiving at work.

Combining both the NUI Galway study and the Centre research highlights that improving information and consultation is a complex challenge. In the Centre's survey the importance or need for information and consultation is broadly speaking accepted among the majority of employers. The difficulty it seems for employers is in closing the gap between strategy (to communicate and involve employees) and how this works on the ground. Closing this gap will be informed by examples of best practice (such as the example below) and clearer evidence of the features that make information and consultation processes effective.

Integrating employee voice in financial services

A French-owned multinational firm in the financial services sector actively seeks to integrate 19 separate mechanisms (both direct and representative) for informing and consulting employees. These include an active and effective partnership forum; biannual road shows; team briefings; briefing letters from the CEO to each employee, updating them on how the business is doing, and a system known as VOICE (Visible, On-going, Internal Communications for Everyone) which incorporates the whole organisation. Material is presented in good time and is broad and deep in scope. At its core is a system of team meetings with information transmitted to the most senior levels. Essentially, team members can discuss and

raise issues with management that are of interest to them. The minutes of all meetings are circulated to senior management and made available to other consultative forums. Comments, criticisms and suggestions are encouraged and “owned by the team” rather than being attributed to any individual. Employees are recognised and rewarded for their contributions. Decisions can and do change as a result. In this organisation commitment to informing and consulting employees comes from the top with the CEO acting as a ‘voice champion’ for the organisation. Some of the benefits associated with integrating these mechanisms include transparency, constructive ideas for improvement and improved decisions.

Case Studies, NUI Galway 2003

Conclusion

The research indicates that mechanisms for informing and consulting with employees can form the foundation for efforts to build and sustain a knowledge based economy. There is a case — business, personal and societal — for information and consultation.

This chapter clarifies some of the existing ambiguities in relation to information and consultation. It also focuses on the quality of information and consultation by looking at issues such as form, depth, scope, levels, purpose and outcomes. It outlines the significant benefits which arise when ‘genuine’ information and consultation is implemented in an organisation.

The challenge in Ireland is to develop, in the context of a voluntarist tradition, a genuine approach to information and consultation. The evidence suggests that there is room for improvement. There is significant experimentation with information and

consultation mechanisms and a high level of awareness of the potential benefits. However, research suggests that awareness of the benefits linked to informing and consulting are not universally recognised. The business case, for employers and employees, needs to be continually re-enforced. There is a need to facilitate the development of best practice. Case studies and reports of this nature are key activities in this regard.

The empirical evidence suggests that the challenge is to develop a framework, which supports the process of information and consultation. This needs to identify the mechanisms for information and consultation. It also needs to highlight the issues that determine quality such as scope and depth. Finally, it needs to recognise the difficulties experienced by employees; in particular those with lower educational levels and lower social class.

The European Employee Information and Consultation Directive, 2002¹

The purpose of this chapter is to outline the main provisions contained in the EU Information and Consultation Directive and to consider some of the transposition issues of this Directive pertaining to Ireland. This Directive will give all employees, in organisations employing more than 20 or 50 people, the right to be informed and consulted on matters currently affecting their future working life. As Ireland is one of only two member states (the other being the UK) that do not have a permanent and statutory system for information and consultation, the Directive is clearly an important development.

The European Parliament adopted this Directive, which establishes a general framework for informing and consulting employees, in February 2002. Member states are obliged to implement the Directive by 23 March 2005 with the exception of the UK and Ireland, where there will be a phased implementation process with the extended deadline of 2008. Once the directive has been implemented a significant proportion of Irish workers will have the right to be informed and consulted on a range of business and employment issues.

Existing regulatory measures in Ireland

The introduction of the Directive was not a sudden development. Rather it builds on a number of existing provisions for information and consultation in restricted circumstances, summarised in Table 3.1.

¹ Deirdre Curran (NUIG) contributed to some of the background information used for this project and as such the Centre has been able to adapt and draw heavily from related on-going research in this area with colleagues in NUI Galway, specifically in relation to contextual and transposition information surrounding the Directive (for full details see Dundon et al, 2004.).

Table 3.1 Existing provisions for information and consultation

- The 1995 Collective Redundancies Directive which provides for information and consultation in cases of redundancy
- The 1977 Transfer of Undertakings Directive which provides for information and consultation in cases of transfers of undertakings, businesses or parts thereof
- The 1989 Health and Safety Directive which provides for the consultation and participation of workers and/or their representatives on issues relating to health and safety at work
- The 1994 European Works Council Directive provides for the establishment of a 'council' of employee representatives for the purposes of information and consultation on transnational issues, in multinational companies over a certain size.

Apart from the Transnational Information and Consultation Act (1996), which transposed the EWC Directive into Irish law, existing employment regulations in Ireland contain limited provision for information and consultation at work. The Worker Participation (State Enterprises) Act (1977) placed an obligation on seven State Enterprises to have worker directors. Under the Worker Participation Act (1988), twenty-eight additional enterprises in the Semi-State sector were required to establish processes at sub-board level to enable the exchange of information. Under the Protection of Employment Act (1977) obligations were placed on employers regarding information and consultation with employee representatives in the event of planned redundancies with a view to 'avoiding or reducing' the number of redundancies. Regulations safeguarding employee rights on Transfer of Undertakings (1980) oblige the 'transferor' and 'transferee' concerned to inform employee representatives of the reasons for the transfer and the implications for employees, in good time and with a view to obtaining agreement. Under the Unfair Dismissal Acts (1977 & 1993), employers are obliged to present employees with a copy of procedures for dismissal and to outline, in writing, the reasons for dismissal if requested to do so by the employee. The Safety, Health and Welfare at Work Act (1989) place an obligation on employers to consult with employees on health and safety matters. Employees are entitled, under this Act, to have a safety representative(s) and access to a written safety statement.

The main provisions of the Information and Consultation Directive

The objective of this Directive is to establish a general framework for informing and consulting employees in the European Union. By its nature the Directive specifies minimum requirements for the right to information and consultation for employees in undertakings or establishments within the European Community (see table 3.2 for summary details). Significantly, for the first time in the context of EU employment regulation, both information and consultation are actually defined by the text of the Directive. Information is defined 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'*, while consultation is premised on *'the exchange of views and establishment of dialogue between the employees' representatives and the employer'*.

Given its potential impact on employment relations it is significant that the Directive affords member states considerable scope to customise and tailor national legislation in accordance with pre-existing norms, preferences and employment relations practices (Article 1(2)). The nature and scope of the legislation that will transpose the Directive into Irish law will therefore be pivotal in shaping how this regulation impacts on individual organisation's current practices and procedures for informing and consulting employee representatives. The Irish government, for example, will have the latitude to decide whether national regulation on this issue will apply to either undertakings with at least 50 employees, or establishments with at least 20 employees.

Table 3.2 Key features of the Information and 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 undertakings 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 laws and/or practices. The Directive requires that Information and Consultation covers:
 - 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, with a view to reaching an agreement on 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
- 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 50 or establishments with at least 20 employees) will be required as from March 2008.

Although there is scope for flexibility in how the Directive is implemented through national legislation, the text of the Directive does outline both the principle areas that information and consultation should cover and additionally certain protocols governing timing, method and content. The Directive, for the purposes of informing and consulting refers specifically to employee representatives provided for by national laws and/or practices (Article 2). Irish law does not currently have a general definition of employee representatives. Equally in relation to this issue, there is considerable diversity of practice, culture and experience in Ireland between union and non-union employments. Consequently how the transposition legislation seeks to approach the general definition of employee representatives will be an important issue. The Directive also contains guidance on a number of other important elements in relation to the practical arrangements for informing and consulting with employee representatives and these are discussed below.

Agreement on Information and Consultation

In addition to the flexibility afforded to governments in customising their respective transposition legislation the Directive also allows management and labour to define the practical arrangements for information and consultation freely and at any time through negotiated agreements, including at undertaking or establishment level (Article 5). Such agreements, including those, which predate the Directive's transposition deadline, may establish provisions which differ from those in Article 4 of the Directive while respecting the principles set out in Article 1. Consequently, Article 5 allows organisations to ratify existing arrangements or establish new arrangements for information and consultation prior to the implementation deadline, which satisfy the 'spirit' if not the 'letter' of the directive.

Confidentiality

In establishing the areas on which information should be provided to employee representatives, the Directive is cognisant of the potential implications for confidentiality and as such employee

representatives are not authorised to disclose expressly confidential information provided to them. Additionally, member states must also ensure, in specific cases and within the limits laid down by national legislation, that employers are not obliged to communicate any information or undertake any consultation, which would seriously harm the functioning of the undertaking or would be prejudicial to it (Article 6(2)).

Sanctions in the event of non-compliance

Under Article 8(1), member states must provide for appropriate measures in the event of non-compliance by employers or employees' representatives with the provisions of the Directive, and ensure in particular that adequate administrative or judicial procedures are available to enable the obligations deriving from the Directive to be enforced. Member states must provide for adequate penalties to be applicable in the event of infringement of the Directive. These must be effective, proportionate and dissuasive (Article 8(2)).

Link with existing measures

Article 9 states that the Directive shall be without prejudice to the specific information and consultation provisions of the EU Collective Redundancies and Transfers of Undertakings Directives, provisions adopted in accordance with the European Works Councils Directive and other rights to information, consultation and participation under national law. The Directive also includes a 'non-regression' clause (Article 9(4)), stating that implementation of the Directive shall not be sufficient grounds for any regression in relation to the situation already prevailing in each member state and in relation to the general level of protection of workers in the areas to which it applies.

Implementation of the Directive

Member states have until 23 March 2005 to comply with the Directive (Article 11). However, Article 10 makes provision for transitional provisions, introduced to accommodate the UK and Ireland (see table 3.2 for transposition dates). As stated above the Directive leaves significant scope for member states to interpret and tailor it to suit their own circumstances and preferences. For example,

the “timing, method and content” of consultation are merely required to be ‘appropriate’. Equally certain other aspects of the regulatory framework are left to the discretion of the member states including:

- The definition of employee representatives
- The level at which the directive will apply i.e. Undertaking or Establishment
- The potential use of statutory fallback arrangements if there is failure to agree a voluntary system
- The nature and application of non-compliance sanctions
- The process for determining whether information is confidential and the conditions under which management can withhold confidential information
- The handling of grievances in relation to the legislation
- The relationship between the new legislation and existing provisions and practical arrangements already in place.

Opportunity for partnership

As stated above the purpose of this Directive is to establish a general framework for informing and consulting employees. The Directive is evidently an important development in Irish employment relations as it extends existing employee information and consultation rights. Invariably much of the debate on this issue has tended to focus on the type of practical institutional arrangements that organisations may or may not have to put in place in order to comply with the transposition legislation. As already established the Directive is non-prescriptive in regard to the ‘practical arrangements’ for informing and consulting. This is clearly an important issue and as the subsequent chapters of this report will show, it is one that both management and employee representatives are currently grappling with in the lead up to the final legislation.

It is clearly important that the eventual transposition legislation functions as a viable, sustainable and appropriate regulatory tool for focusing attention on the need to enhance and improve current practice in relation to informing, consulting and engaging with employees and/or employee representatives. Importantly, however, it would appear necessary to move beyond a narrow debate on what type of practical arrangements might emerge and recognise the opportunity that this Directive represents in terms of fostering and deepening customised partnership-style approaches to managing and anticipating change at the enterprise/organisational level. Not only is there a strong partnership-ethos inherent in the Directive, but also more fundamentally there is an explicit recognition of the potential relationship between the strengthening of social dialogue and fostering of mutual trust, and the generation of a range of mutual benefits for all the stakeholders within organisations. In particular, as was suggested in the preceding chapter enhancing and improving information and consultation practices can underpin improvements in co-operative problem solving, employee involvement and organisational capacity for managing and anticipating change.

Summary

This chapter has provided a brief overview of the European Employee Information and Consultation Directive and outlined some of the key transposition issues that will have to be addressed in the context of the national legislation. In preparation for its eventual implementation the Department of Enterprise Trade and Employment have already initiated an extensive consultation process involving the social partners and other representative bodies. The forthcoming chapters of this report not only reviews current practices and procedures for informing and consulting with employees across the range of case study organisations but also explores their attitudes, expectations and perceptions towards this regulation.

Summary and analysis of the case studies

This chapter provides a summary analysis of the range of practices and procedures currently utilised by individual case study organisations for the purposes of informing and consulting with employees. Chapter 7 provides a fuller account of each individual case study. In this study ‘informing’ refers to the exchange of information from management to employees an/or employee representatives. ‘Consultation’ involves mechanisms that facilitate an exchange of views and support dialogue between employers and employees and/or employee representatives.

This chapter in particular focuses on four key areas. Firstly, it provides an overview of the range of information and consultation mechanisms present within the case study organisations (section 4.2). Secondly, it examines the key characteristics and lessons that emerge from the fourteen case studies in relation to informing and consulting (section 4.3). The benefits associated with informing and consulting are discussed in section 4.4. Finally, section 4.5 considers the contribution that such practices can make to the process of managing organisational change.

4.1 Organisational profile and context

Table 4.1 provides a listing of some of the main characteristics of the fourteen organisations that were involved in this study. A more detailed profile of these organisations is provided in Chapter 7. Although this is a relatively small sample it does incorporate quite a diverse range of organisations. Four of the organisations are from the public sector, including two semi-state companies. Nine of the case studies are privately owned and of these six are subsidiaries of foreign-owned multinationals.

The remaining three are indigenous companies. There was also one organisation, which is a registered charity and as such can be categorised as the ‘voluntary sector’.

The sample covers a broad range of sectors including manufacturing (security equipment), financial services (insurance), retailing, hi-tech (medical devices, marketing and customers services, networked services, e-learning and computer hardware development), semi-state (healthcare and public utility), the voluntary sector and the public sector (education and local authority). The case study organisations employ a variety of occupational categories and in terms of employee numbers they ranged from 80 to just over 9000. Finally in terms of employment relations ten of the organisations are unionised. Within this category the levels of unionisation range from 40 per cent to 95 per cent. The level of union density was generally higher in the public and semi-state companies. In three of the private sector companies that recognised unions, union organisation was limited to the manufacturing sections of workforce with the rest of the employees being non-unionised.

Table 4.1 Profile of case study organisations

Organisation	Sector/Economic Activity	Governance	No. of Employees	Unionised
Dell Sales and Supports Division	Marketing, Sales and Customer Support	Private – foreign owned	1300	No
Dublin City Council	Local Authority	Public	6500	Yes – multi union
Medtronic	Medical/Instruments	Private – foreign owned	500	Yes – single union
Roches Stores	Retail	Private – indigenous	3100	Yes – multi union
GMIT	Education	Public	595	Yes – multi union
Allianz	Insurance	Private – foreign owned	900	Yes – single union
GE Interlogix	Manufacturing/ Security/ Equipment	Private – foreign owned	230	Yes – single union
ESB	Electricity	Public – semi-state	9000	Yes – multi union
Multis	Computer Hardware/ Software	Private – indigenous	80	No
Barnardos	Care and Advocacy	Voluntary (Registered charity)	300	Yes – single union
Vhi	Healthcare	Public – semi-state	730	Yes – single union
Beckman Coulter Instruments	Medical/Instruments	Private – foreign owned	130	Yes – single union
Nortel Networks	Network Services Provider	Private – foreign owned	300	No
Electric Paper Co.	E-learning	Private – indigenous	80	No

The challenge of change

Although the case study sample comprises a diverse range of organisations they all essentially face similar challenges in seeking to move to the next stage of their development. The more uncertain economic climate that currently prevails presents both public and private sector organisations with the challenge of responding to stringent financial pressures without stifling innovation, performance and strategic capability. Interestingly a number of the private sector companies have responded to this challenge by ‘moving up the value chain’ in terms of focusing on the development of higher skilled, higher value-added products and services. Similarly the public sector organisations recognise the need to improve the quality and delivery of their core services. More specifically all of the organisations in this study are grappling with the implications of ongoing change driven by a complex combination of economic, political, social and technological factors. The capacity of individual organisations to manage, anticipate and indeed drive such change will be pivotal to their future development. In part, successfully managing this level of change, will require the development of high performance workplaces capable of either thriving in highly competitive markets (international and domestic) or delivering high quality value for money public services. As was argued in Chapter 2, informing and consulting employees represents the building blocks of higher performance. It is in this context that this study seeks to explore how organisations are currently approaching the key issue of informing and consulting employees.

4.2 Practices and procedures for informing and consulting employees

The aim of this section is to provide an overview of the range of practices and procedures that the fourteen case study organisations currently utilise for the purposes of informing and consulting with staff. The individual case studies provide a fuller description of these various mechanisms (see chapter 7). It is important to note that the research interviews distinguished between practices for information sharing and those that had a consultative dimension. The research questionnaire also differentiated between direct forms of informing and consulting – that is directly to an individual and/or groups of employees and indirect practices that involved designated employee representatives (see Appendix A: Research Methodology). This initial overview of the different mechanisms uses these different categories, though as the discussion in section 4.3 highlights, the relationship between them in practice is more dynamic and complimentary.

Direct Information Sharing

The individual case studies reveal that organisations are currently utilising and experimenting with a diverse range of mechanisms to communicate information and data directly to employees (see Table 4.2). For example these one-way communication channels include written, electronic and face-to-face methods. There are certain practices and procedures common to the majority of organisations. However, it is also evident that each organisation had developed its own customised bundle of approaches for disseminating information directly to employees.

Medtronic’s progressive and open approach to information sharing incorporates a variety of techniques including weekly departmental meetings, quarterly general employee updates on the business performance, email, intranet, and newsletters every two weeks, a company handbook,

Table 4.2 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.

notice boards, induction material and breakfast meetings for new employees. Similarly Beckman Coulter Instruments have developed a range of techniques for communicating directly to employees, namely – a company handbook, memo/employee information notes, newsletters, bulletins, intranet and notice boards. A monthly team-briefing newsletter is the core communication channel and generally focuses on core business issues such as product news, while the annual report, which all employees receive a copy of, includes data relating to company finances.

The written methods for information disclosure in use by the case study organisations cover a broad range of initiatives from annual reports and company newsletters to information notes that were included in employee wage slips. Across the majority of case studies there was strong evidence of increased usage of information and communication technology to convey information directly to employees. The strong technological focus of a number of organisations e.g. Dell, Nortel, Electric Paper Co., Allianz and GMIT – in particular facilitate and encourage extensive usage of ICT for this purpose. At the Electric Paper Co. intranet, email, audio-conferencing and web-based video conferencing with foreign offices were all used to communicate with staff. At Nortel Networks the Canadian HQ co-ordinates a sophisticated and hi-tech worldwide communications service. This includes a company intranet that has a dedicated 'Services @ Work' section, which is updated daily and provides employees directly with an extensive array of information under three broad headings: the work environment, corporate information and employee relations.

Although a plethora of written and electronic mechanisms for facilitating one-way communication are in place, the most significant forms of direct information disclosure for the majority of organisations were face-to-face employee briefings. The level at which face-to-face employee briefings occurred varied from organisation to organisation

though clearly the most common was the team briefing. The importance of the team briefing was in part indicative of the centrality of a team-based ethos and approach to work organisation across the fourteen case study organisations. In addition, depending on the internal structure of the organisation, employee briefings were also regularly held at the business unit and/or departmental level. Again the frequency at which these employee briefings occurred ranged from daily, to weekly to monthly.

Above the operational team level, larger-scale staff meetings, involving all employees functioned as the key platform for exchanging key business specific information in a number of organisations (e.g. Multis, GE Interlogix, Medtronic). At Multis, for example, the quarterly report is the main platform for both informing and consulting with employees on core business issues. All employees receive a copy of this quarterly report and then at the quarterly staff meeting senior management present detailed presentations on issues such as performance, sales, customer relations and development opportunities. Although staff feedback is encouraged, it is recognised that such a large forum is not conducive to open interaction. Consequently Multis have introduced Breakfast Briefings for small groups of staff – two per year for each employee – at which senior managers make more informal presentations on organisational issues. Significantly there is a strong emphasis on stimulating dialogue and generating employee input at these more informal and focused briefing sessions. Similarly at GE Interlogix the key forum for direct information sharing is the Quarterly Staff Meeting (QSM) at which employees are provided with an overall business review that can incorporate a financial update, company strategy and plans for new products.

Developing systems within the management chain that facilitates core information cascading downwards is another approach in use in a number of organisations (e.g. Allianz, Vhi, ESB and Medtronic). At Allianz, following each monthly Board of Management (BOM) meeting, three to four key BOM points are identified and these along with a briefing note are distributed to each manager who is then responsible for communicating this information to employees through team briefings.

In addition to these formal mechanisms, informal and highly personalised interchange remains a core conduit of information exchange in most organisations. At Medtronic line managers convey information directly to staff on the shop floor as it arises. In this same organisation, managerial visibility and management by walk about is encouraged as a means of stimulating such informal exchanges and a similar approach prevails at Roches Stores for example. In both instances the development of a participatory and open culture underpins these informal exchanges. Interestingly a number of companies have more formalised visibility programmes based around, for example, senior management undertaking site visits (e.g. ESB) or a Chief Executive attending a number of team meetings within the organisation over the course of a given period (e.g. Allianz). Informal and personalised information exchanges are also stimulated through various social events and social networks that a number of organisations have put in place (e.g. Multis and Nortel). While the social dimension is the primary reason for such initiatives, both management and staff availed of the opportunity to be briefed about issues in a more relaxed environment.

Indirect Information Sharing

This section looks at the various procedures and practices for facilitating indirect information sharing with designated employee representatives. It is important to emphasise that as employees of the organisation, employee representatives receive the same type of direct information as employees. For example they receive newsletters, emails, bulletins and employee briefings. Table 4.3, shows that information is formally communicated to employee representatives through three main channels namely, established industrial relations structures, partnership-style arrangements and European level works councils.

Of the eleven organisations listed in Table 4.3 only Nortel is non-unionised. The other three non-unionised companies in this study – Electric Paper Co., Multis and Dell have no formal systems for facilitating indirect forms of employee engagement.

Table 4.3 Indirect information sharing and consultation

	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 the organisations that formally recognise trade unions, the established industrial relations structures are key mechanisms for imparting information to employee representatives – that is, designated union representatives. This is particularly evident in relation to information that has a strong IR dimension such as pay or changes in working practices for example. In some companies this was regularised through set monthly union-management meetings while in others meetings tended to take place as and when needed. In the latter case either management or unions can call these meetings.

Interestingly, information sharing in the context of formalised industrial relations structures is in most cases not limited to standard IR issues *per se*. At the ESB, trade union officials are party to the same type of corporate and organisational information that is conveyed to senior managers. At the Vhi and Beckman Coulter Instruments, trade union officials receive updates and briefings on a range of business related issues in the context of their monthly meeting with management. Similarly at Roches Stores, the union representatives indicated that management provide the House Committee with regular updates on organisational issues and in essence the agenda of the union-management meetings extends beyond a narrow IR agenda.

In seven of the case study organisations, indirect information sharing also occurs through formalised partnership-style arrangements (see Table 4.3). Although these type of formalised partnership arrangements are only present in case study organisations that are unionised, in six of the organisations the membership of these forums includes staff or employee representatives as well as union officials and management representatives (e.g. GE Interlogix, Beckman Coulter Instruments, GMIT, Vhi, Allianz and DCC). Significantly, employee representatives within these partnership structures in general receive a high level of information on company strategy, organisational performance and other core business related issues. The agenda of the Group Enterprise Forum at Allianz for example is very much 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. Similar types of information are also provided to employees in the context of the Vhi Partnership Forum or the various ESB localised partnerships. Interestingly, outside of specific industrial relations issues, the Group Enterprise Forum at Allianz is the primary forum for communicating information to employee representatives. Equally at both the Vhi and GE Interlogix, although information is provided through the established industrial relations structures, again the partnership arenas – Vhi Partnership Forum and GE Staff Association – are considered the main vehicle for exchanging information with designated employee representatives. At the local level in the ESB, indirect information sharing comprises a combination of mechanisms, namely briefings to the partnership committee, the shop stewards committees and also, at times, individual union representatives.

Only two of the organisations in this study have European Works Councils in place, namely Medtronic and Nortel, and in both instances employees from the Irish facilities functioned as designated employee representatives. General business and organisational information that relates to the company on a European-wide basis or which has implications for facilities in two or more countries is provided to employees at these transnational forums. In the context of the recent redundancies, Nortel did put in place temporary employee representative arrangements, for both union and non-union staff that were affected, in accordance with the EU Directive on Collective Redundancies. Additionally Nortel has two employee representatives on their Pension Trusteeship.

In the preceding section it was noted that informal mechanisms are a key source of information provision. This is equally the case with indirect practices. Where a positive industrial relations environment was evident, management regularly use informal communication channels with shop stewards and other union officials. In such instances both management and union representatives referred to an 'open door' policy to characterise this informal and highly personalised relationship.

Table 4.4 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.

**Direct consultation:
Employee voice and dialogue**

This section looks at individual and both temporary and permanent group arrangements for direct consultation. These consultative arrangements include the full range of practices and procedures that facilitate an exchange of views and support dialogue between employers and employees.

Individual methods

Table 4.4 outlines the various practices and procedures for direct consultation in the various case study organisations. A number of the organisations have systematic appraisal systems – performance reviews, training and development reviews, 360 degree systems – as a means of facilitating direct consultation between individual employees and their manager (e.g. Medtronic, Dell, Vhi, ESB and Barnardos). These systems are considered to be an ideal vehicle for stimulating discussion and provide employees with an opportunity to articulate their views on a range of issues.

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

In some organisations, however, it was evident that the agenda for these one-to-one discussions tended to be defined by the manager. Face-to-face discussions do however have the potential to provide management with key insights and can also be a source of new ideas. In seeking to undertake the relocation of their factory, GE Interlogix initiated an extensive series of one-to-one meetings with staff on this issue. The purpose of this exercise was to establish the core issues that staff felt had to be addressed in the context of this move. This process of consultation in part facilitated a potentially problematic move occurring relatively smoothly. Interestingly this one-to-one consultation occurred in tandem with more formalised negotiations between the management and the recognised trade union.

Aside from immediate 'face-to-face' discussions, organisations also use attitude surveys and suggestion schemes as a means of consulting with employees on an individual basis (e.g. Medtronic, Dell, ESB, Vhi, GE Interlogix, Allianz and Barnardos). At the ESB, the Network Division, which comprises just over 4,000 employees, undertakes an in-depth survey of one thousand staff every eighteen months. In addition, 170 staff members complete a mini-survey every three months. These mini-surveys test trends and indicators so that they are identified long before something becomes an employment-related problem. At Dell, the systematic usage of employee surveys for the purposes of business planning has also increased in recent years.

Temporary groups

Organisations in this study have also made extensive use of both temporary and permanent group-based direct consultation. The temporary groups by their nature are established for a specific purpose and are dismantled once the project in question has been completed. At Roches Stores a project group involving management and employees was set up 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 concluded this approach brought new ideas and a fresh approach to process. Furthermore the project was completed without generating any attendant industrial relations issues and again the involvement of employees was seen as pivotal to this. Both management and employee representatives at GE Interlogix highlighted the role of periodic brainstorming sessions in providing a

forum in which employees could apply their knowledge and ideas to improving work processes, efficiency and functional design and layout. Aside from these examples the various change initiatives that are discussed in more detail in section 4.5 at organisations such as Multis, Vhi and GMIT were all progressed through temporary consultative groups of employees. The HR division at Medtronic has also made extensive use of Employee Focus groups in devising various initiatives and strategies. While the HR team takes a strong lead in co-ordinating and progressing this activity, significantly the issues that form the basis of the individual HR focus groups are derived from the employee surveys.

Permanent groups

Organisations have also put in place an array of permanent groups to discuss various work-related topics on an ongoing basis. A corporate safety involvement group is responsible for driving the corporate safety strategy at the highest level in the ESB. Permanent local safety groups, comprising managers and employees, that are charged with formulating local safety plans, support this activity. It is considered that this approach has increased safety levels, reduced accident rates and improved working practices.

A strong characteristic of these direct consultative groupings across all of the organisations is the emphasis on using consultation to underpin continuous improvement and indeed at Beckman Coulter this has been formalised in the context of a Continuous Process Improvement (CPI) programme. This programme provides opportunities for employees individually and as part of a team to put their ideas about work and process improvement forward to management. A CPI improvement team examines a particular issue or problem, comes up with new ideas 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, service delivery and reduced costs.

This type of upward problem-solving also underpins the activity of the Employee Forums at Dell in which groups of individuals drawn from various business teams consider and explore issues such as resource deployment and work scheduling. Such consultative initiatives can also serve as a catalyst for knowledge transfer, emulation of best practice and career development (e.g. Faraday Lectures at Nortel and Professional Practices Group at Barnardos). In the former example, Nortel employees are actively encouraged to apply and adapt the newly acquired 'learnings' to their ongoing work, thus stimulating product and process innovation.

While these examples tend to have a specific focus ie safety, other participatory initiatives such as Breakfast Meetings at Multis, Dell's Brown Bag Lunches and the Employee Focus Groups at GE Interlogix tend to have a more 'open agenda' albeit still very much linked to improvements in organisational performance. The consultations that occur at the Breakfast Meeting in Multis have provided a platform for the emergence of new initiatives, some of which, as in the case of Waste Management are employee led. This initiative generated considerable cost savings. Having initially been established to benchmark how effectively they were disseminating information on key business metrics, the Employee Focus Groups at GE Interlogix have become an important 'voice mechanism' in which employees have the opportunity to raise and discuss a range of organisational and business-related issues with senior management.

Indirect consultation

With regard to indirect consultation, the structures and forums that are outlined in Table 4.3 are the primary mechanisms that were in place within the case study organisations. Within the established industrial relations structures consultation over change occurred primarily in relation to core IR issues particularly in instances where a union-employee agreement in relation to a specific issue was already in place. Invariably in some instances such consultation evolved into more formalised negotiations between management and unions. As was noted above in a number of organisations an 'open door' relationship has developed 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 consultation is seen as particularly useful in resolving potential problems early before they could gestate into full-blown industrial relations issues.

Partnership-style arrangements are another channel for indirect consultation (see Table 4.3). The case studies suggest that the level and scope of consultation within these partnership style arrangements varies considerably between organisations. Additionally these forums are more effective in relation to informing than consulting. At one level there is the extensive multi-layered partnership arrangements that currently operate in the ESB. As is evident from the brief summary in Table 4.5 a high degree of consultation over core organisational issues has occurred through formalised partnership arrangements at both the central group and local level. This activity moreover is supplemented by more informal partnership-style arrangements.

In contrast, in the remaining organisations the other partnership-style arrangements are at a much more embryonic phase of their development. They have as yet to acquire such a strong consultative dimension. Despite this they have still functioned as important fora for stimulating effective employee dialogue over a range of issues. Within the Dublin City Council Partnership Forum, for example, employee representatives engage in discussion over HR issues such as absenteeism and also key organisational and business matters such as productivity. Indeed, as is highlighted in section 4.5, in one instance, local level partnership at the DCC was clearly premised on intensive consultation about key organisational and industrial relations issues. The case studies suggest that it takes time for partnership-style arrangements to position themselves within an organisation's internal decision-making structure and consequently the consultative dimension of their work only evolves over time. In the case of Dublin City Council this evolution is apparent in the fact that the Partnership Forum is preparing to extend its remit to incorporate issues normally reserved for industrial relations processes. This example also highlights the dynamic relationship between partnership and industrial relations. Initially in some organisations there was an attempt to establish strong boundaries between

partnership and industrial relations. In practice, however, such distinctions while still respected are often blurred and overlapping (e.g. DCC, ESB and Beckman Coulter Instrument).

Similarly at the GEF in Allianz, there was a perception amongst some employee representatives that the next stage of its evolution would involve moving from effective two-way dialogue to more substantial consultation on certain issues.

4.3 Key characteristics and lessons

The preceding discussion provided a broad overview of the fairly extensive range of practices and procedures that organisations are currently using to facilitate the informing and consulting of employees. The objective of this section of the report is to highlight some of the key characteristics and lessons that have emerged from this review of current practice in the various organisations. Given the diversity of organisations involved in this study these are relatively generalised characteristics and lessons.

Good platform for Informing and Consulting

The range of 'activity' outlined in section 4.3 is in part indicative of the fact that the majority of organisations, in this project, have adopted a relatively progressive and open approach to informing, communicating and consulting with employees. There is some divergence of opinion between management and employee representatives regarding key aspects of their respective organisation's approach to this issue. These differences however do not prevent management and employee representatives in the majority of cases, from agreeing that their organisation's strategy for informing and consulting was both positive and improving. Equally there is a relatively strong consensus regarding the potential value to be gained from actively developing more effective practices and procedures for exchanging information and stimulating employee dialogue. In the context of a Directive that is designed to enhance current practices for informing and consulting with employees, the case studies would suggest that there is already in place a 'good' platform on which further progress can be built.

Table 4.5 Examples of partnership

Partnership in the ESB

The ESB group of unions have 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 dedicated resources supporting and driving partnership through corporate level and local level partnership groups. These multiple level partnership arrangements have contributed to the development of an organisation culture that encourages joint problem solving. Equally partnership has 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 the ESB in successfully meeting the twin challenges of regulation and competition. The partnership ethos in the 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 have attempted to progress their business through either formal or informal partnership processes and in essence only resort to the former when relationships break down on a specific issue. Although an array of economic and political factors continues to drive change within the organisation, it is evident that the establishment of formal and informal partnership arrangements have supported and facilitated this change process.

Dublin City Council Partnership Forum

The Partnership Forum was established in 1999 and operates alongside other joint management-union committees concerned with staff issues, such as equality, health and safety and work-life balance. The Partnership Forum has 24 members – 12 trade union representatives, 6 management representatives and 6 staff representatives – and meets monthly. Issues under discussion can include: the development of partnership approaches in DCC, HR issues, including absenteeism, key organisational and business issues, productivity and performance issues. It is serviced and facilitated by two staff from DCC's Human Resources Division. When the Forum was established, it tried to decentralise partnership and established locally based groups that worked in partnership to solve problems at local level. Not all of these groups were successful and some have since been dissolved. However, groups still operate in the Fire Brigade and the Mechanical Division. The Forum is currently undergoing significant change. Management and unions have agreed to deepen the existing agenda to include issues normally confined to Industrial Relations processes (in particular, issues relating to terms and conditions of employment). Consequently, the parties are restructuring the Forum to facilitate this change, and the staff representatives will no longer sit on the Forum. Their positions are being given to management representatives.

Alignment with business and organisational strategy

The incremental emergence of a more forward-thinking approach to informing and consulting employees would appear to be premised on the fact that many of the organisations in question have clearly identified communicating, informing and engaging with staff as an integral part of their business and organisational strategies. All of the case study organisations are faced with the complex challenge of anticipating and managing ongoing change. Given this challenging context, it is evident that the more progressive organisations have recognised that employee involvement, underpinned by effective mechanisms for voice and dialogue are not additional extras but rather integral elements of their strategies for achieving change, innovation and higher performance.

In seeking to sustain and develop higher value-added activities, Medtronic's business strategy is concentrated on building their internal capacity for innovation and learning in order to 'stay ahead of the game'. Staff involvement is central to this approach and consequently the organisation has focused on creating the conditions in which employees want to contribute. This is premised on an integrated bundle of HR practices that includes recruitment, performance appraisals, team building, involvement and financial reward. These establish effective communications systems that foster voice and stimulate participation and it is these that are the key building blocks for the organisation's approach. In particular, designing such effective systems for employee voice enables the company to begin to tap into the collective knowledge, experience and expertise of its key competitive asset – its employees.

The Electric Paper Co., is another organisation that is operating in a volatile and fiercely competitive internationalised market. Significantly, management sees its employees in conjunction with management processes and effective support systems as one of the three strands underpinning competitive performance. More specifically, management at the company contends that communicating effectively with its employees and in particular stimulating ongoing employee input has afforded them both competitive advantage and flexibility.

At Multis, the management highlighted that the company's business model is heavily dependent on the pro-active engagement of their staff. There is strong senior management support for employee dialogue and engagement. Indeed as the company continues to grow the key challenge facing management, is ensuring that they can sustain this culture of high levels of employee involvement, participation and innovation. Importantly in all three of these examples the organisation's progressive approach to informing and consulting is part of a more comprehensive and integrated HR/ER strategy. Equally it is evident that their approach to informing and consulting is also strongly aligned with their overall business and organisational strategy.

Other organisations, Nortel, Vhi, GE Interlogix, ESB and Allianz, show a similarly strong emphasis on employee voice as a form of upward problem-solving. In particular, developing consultative arrangements that serve to unlock the insights and intellectual capital of employees is strongly associated with generating ideas that underpin continuous improvements in organisational performance, competitiveness and efficiency. It is also apparent, however, that in more progressive organisations, information and consultation also functions as a mechanism for stimulating a form of employee engagement in which there is a meaningful exchange of views between management and employees, both individually and collectively. In such instances employee input is clearly valued by management and the views expressed by employees contribute and feed into the broader process of managerial decision-making.

Management's enthusiasm for informing and consulting

As suggested above, individual practices and procedures for informing and consulting with staff tend to be part of broader organisational strategies for communicating with and involving employees. A number of the organisations in particular have put in place a comprehensive strategy for ensuring employees are informed about operational, strategic and employment relations issues. Within this context it would appear that management are more comfortable with the concept of informing employees as opposed to consulting with them over business and work-related issues. This relative comfort was demonstrated by the extensive information that employees received on issues such as organisational strategy, financial performance, product diversification, new work practices, employment numbers, new technology, health and safety and pay and conditions. Despite this openness to communicating information, there was a discernible divergence of opinion between management and employee representatives regarding the stage at which such information was disclosed. In particular the perception of employees was that depending on the issue they tended to be informed at the mid-planning or implementation stage. This contrasted with the perception of management who maintained that employees were generally informed at an earlier stage of the decision-making cycle, i.e. early or mid-planning.

This unease, which some managers displayed towards the concept of consulting with employees, reflected a perception that such activity represented a challenge to the right of managers to manage and/or a potential constraint on the flexibility and speed of organisational decision-making. Although employee involvement and participation have become part of managerial lexicon, it is also evident that a minority of managers find such concepts problematic. Indeed there is clearly a variable geometry of enthusiasm for adopting a more participatory managerial style not only between but also within the case study organisations.

It is also evident, however, that the organisations involved in this study have attempted to progressively increase the scope and quality of individual and group consultation. Interestingly in these instances, employee consultation was seen as supporting rather than challenging the right of managers to manage. The adoption of a more participatory approach in particular was premised on widening the level and quality of employee input into the decision-making process while recognising that management were ultimately responsible for making the final decision.

Early consultation for unions on core industrial relations issues

Although the case studies provide strong evidence of the promotion of a more participatory approach to management, they also highlighted that consultation – either with individuals or groups – was less prevalent in the early planning stages of organisational decision-making compared to the mid-planning and implementation phases. The one major caveat to this general trend was in the unionised companies where early consultation on the core industrial relations issues of pay and changes in working practices was the norm. Although consultation with employees tended to occur at the later stages of the decision-making cycle it was still valued by both management and employee representatives. Even at the implementation stage, it was considered that consultation was important as it afforded employees the opportunity to influence and shape how the decision impacted on the ground. Such consultation moreover could also determine the effectiveness of a particular policy or strategy.

Meaningful dialogue

A key theme of this report has been the potential contribution that informing and consulting can make to managing change and as will be discussed in section 4.5 the case studies provide tangible evidence for this assertion. For the benefits to be generated however, it is important that the employee engagement is meaningful and that employees' views are both listened to and taken on board by management. As has been highlighted in other work (see NUIG, 2004), some initiatives for employee dialogue are little more than communication systems, which provide employees with very little influence on matters that affect them. In these instances it was evident that the perceptions of management regarding the purpose, scope and effectiveness of the mechanisms differed somewhat from the perceptions of the employees. In particular, employees highlighted that dialogue in these instances was merely paying lip service to the concept of communication, as the decision was already a *'fait accompli'*. Indeed even in examples where employee representatives were afforded the opportunity to discuss and debate issues with senior management there was at times a degree of uncertainty as to how this 'dialogue' impinged on or fitted into the actual process of managerial decision-making. Equally, however, the case studies reveal tangible examples of where employee consultation clearly fed into and improved the quality of organisational decision-making (see section 4.5).

Organisational autonomy

Although the case studies stress the increased emphasis that organisations are placing on engaging with staff, they also reveal instances in which such engagement was clearly absent. A number of the companies, who are foreign-owned subsidiaries indicated that on certain business issues, change was effectively imposed on the Irish facilities by the parent company without any prior process of informing and consulting of either management or employees. As indicated above several employee representatives suggested that some decisions relating to change had already been made prior to engaging in dialogue with the staff. Conversely, the benefits of keeping staff at least informed about major changes was recognised by a number of the respondents.

The blurred relationship between informing and consulting

Although the discussion in the preceding section distinguished between information and consultation in practice this distinction is often blurred particularly in those organisations that promoted two-way communication, employee involvement and upward problem solving. At Multis the Breakfast Briefings incorporate both the communication of core business information and also a discussion and debate around these and other business related information. The fostering of a participatory culture in which employees are encouraged to engage with management and offer feedback on issues ensures that a hard and fast distinction between informing and consulting is difficult especially in the context of face-to-face meetings. In part there is an evolutionary dimension to this relationship. At GE Interlogix for example the Employee Focus groups that were established to benchmark how effectively the company was disseminating information on key business metrics have evolved into key fora for employee dialogue and voice. Similarly within the Group Enterprise Forum at Allianz, there was an expectation amongst some participants that the current focus on informing representatives and stimulating two-way communication would develop a stronger consultative dimension over time. A reliance on informal dialogue and highly personalised relationships further blurs the distinction between informing and consulting especially in organisations where management enjoyed a positive and open relationship with employee representatives. In such cases informal dialogue functioned as key conduit for not only discussing issues but also for identifying and framing possible solutions to potential problems.

Direct and indirect practices are complementary

The case studies also highlight that direct and indirect practices for informing and consulting are not exclusive but rather are in practice complementary and mutually supportive. In fact all of the respondents agreed that this was the case in their own organisations and a number of examples demonstrate this complementary relationship in practice. The Quarterly Meeting is the cornerstone of direct information sharing at Medtronic and in advance of this event, management will hold a consultative meeting with designated employee representatives – the union shop stewards. The shop stewards do not get a preview of the agenda but if there are relevant or difficult issues there will usually be some interaction before the meeting takes place. This process is seen as improving the quality of the information that is conveyed at the Quarterly Meeting.

The interaction between direct and indirect mechanisms can also afford unions the opportunity to function as an important conduit for employees to express their views. Despite the fact that managers have striven to promote a more open culture, employees in a number of the companies were still hesitant about expressing their views or asking questions during large information briefing sessions. As such they would often approach representatives following these events to ask questions or to raise issues that they wished the union to bring to management (e.g. Beckman Coulter, Roches Stores and Medtronic). At Roches Stores the employee representatives noted that when management directly briefed a business unit or section there was an expectation amongst the employees that the employee representative would ask questions and provide feedback even though this was a form of direct employee communication.

The emergence of a complementary relationship between direct and indirect practices in particular was facilitated by organisations putting in place an integrated strategy that sought to stimulate dialogue and foster voice through an array of inter-related procedures.

Work in progress

There was also strong agreement across the case study organisations that their current approach to informing and consulting was very much a work in progress. In many instances management concurred that they had only really begun to explore the potential of this issue. This, however, has encouraged a willingness to experiment and innovate with different mechanisms and practices. As suggested above, however, the levels of enthusiasm amongst management for enhancing and improving current practices vary considerably within individual organisations. Similarly even in organisations where a fairly pro-active approach had been adopted, failure to maintain good practice on certain issues has the capacity to cause considerable disquiet amongst employees. In the context of seeking to build on the progress that has already been made, it is evident that the business case, for employers and employees, needs to be continually re-enforced.

4.4 The benefits of informing and consulting employees

Chapter 2 suggests that there is a strong ‘business’ case for organisations to improve their culture and practices for informing and consulting with staff and/or employee representatives. Additionally it was maintained that such practices are beneficial for employees. Although this report argues that effective information and consultation practices are the building blocks of higher organisational performance, establishing the precise quantifiable impact of such practices is difficult to evaluate, measure or validate. This is particularly the case if such practices are part of an integrated bundle of HR/ER practices focused on facilitating employee involvement and participation. Indeed several respondents, while advocating the benefits to be garnered from informing and consulting with employees did allude to the fact that discerning the precise link with actual improvements was somewhat problematic. It was however highly significant, that both management and employee representatives clearly identified a range of mutual benefits that they associated with a progressive and pro-active culture of informing and consulting with employees (Table 4.6). It is important to recognise that the different organisational contexts, allied to the fact that diverse approaches were adopted towards this issue, ensured that benefits associated with the informing and consulting of employees varied from case study to case study. Even with these various qualifications in mind the list of benefits or gains outlined in Table 4.6 is impressive.

Management and employee representatives highlighted the contribution that effective and meaningful information and consultation practices can make to general organisational performance. They noted the positive impact in terms of enhancing competitiveness, improving service delivery and customer focus and improving employee’s understanding of key organisational goals and objectives.

Table 4.6 The benefits of informing and consulting with employees

Organisational performance

- Competitiveness
- Customer service and customer focus
- Improved understanding of organisational goals and performance.

Organisational capability

- Better informed decisions
- Capacity for problem-solving and innovation
- Increased adaptability and flexibility
- Effective implementation.

Change

- Openness to change
- Anticipating and managing change
- 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

- Employee voice
- Satisfaction and autonomy
- Working environment
- Sense of value.

In part these benefits are indicative of the capacity of information and consultation to contribute to improvements in organisational capability. In this regard respondents identified its contribution to improving their organisational capacity for collaborative problem-solving and innovation. Additionally, fostering a more participatory approach actually served to both generate better-informed decision making processes and also facilitated the more effective implementation of change initiatives. It was also associated by respondents with stimulating the development of greater levels of organisational adaptability and flexibility.

There are also a number of benefits relating specifically to organisational change, and these are discussed in more detail in section 4.5. In relation to HR and/or Industrial relations, effective practices and procedures for informing and consulting are associated with the fostering of more open and co-operative staff-management relationships. In unionised organisations there is 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 has a somewhat symbiotic relationship. Finally, effective information and consultation was also seen as underpinning improvements in both employee commitment and involvement.

While there is a strong association with improving business efficiency and performance, respondents also noted the benefits for employees. The development of progressive communications strategies clearly afforded increased opportunities for employee voice within individual organisations. The opportunity to have a say or at least be listened to is important as it creates a positive working environment in which staff feel they are valued. Similarly the increased opportunities for involvement and participation were associated with improved levels of job satisfaction and in some instances greater autonomy over certain aspects of their day-to-day work.

4.5 Managing change effectively – The role of Information & Consultation

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 stimulating higher levels of employee participation and involvement is premised on the development of an integrated bundle of HR and IR practices, effective systems for informing and consulting with employees are evidently core elements of such an approach. Building internal organisational capacity for managing and indeed anticipating this level of change would appear to be pivotal if organisations are to meet their respective strategic goals such as continuing to grow in highly competitive international markets, increasing domestic market share or delivering high quality value for money public services. In this context, therefore, it was critical that both managers and employee representatives clearly identified the positive contribution that informing and consulting with employees can make to the process of effective organisational change.

Table 4.7 (overleaf), lists a number of specific change initiatives which respondents considered had been managed more successfully as a result of informing and/or consulting with employees. This is not a comprehensive listing of all the change issues within organisations on which staff were informed or consulted. Nevertheless it does incorporate a range of operational, functional and strategic change issues that are clearly of importance to both the organisation and its employees.

The nature of these changes and the role of information and consultation in supporting them are described in more detail in the individual case studies (see Chapter 7). Before discussing how informing and consulting can contribute to the effective management of change it is worth highlighting a number of specific examples. At the Vhi Call Centre, a performance management system is pivotal to the day-to-day operations and work of the telephone agents.

Table 4.7 Managing change initiatives – The role of informing and consulting

Organisation	Change Initiative
Roches Stores	Development of stock control system / refurbishment and rebranding of store / store design and layout
GE Interlogix	Environmental Health and Safety; relocation of factory; new working practices
Allianz	Establishment of new corporate team; introduction of direct line service delivery
Nortel Networks	Closure of manufacturing division
ESB	Organisational restructuring; safety strategy
Vhi	On-line performance management system
GMIT	Merger of two departments
Medtronic	Product development; new working practices; quality control and a range of HR-related initiatives
Dell	Resource deployment; changes in working practices
Barnardos	Work-life balance; enhancing professional practice
Electric Paper Company	New product development
DCC	Restructuring the Mechanical Services Division
Beckman Coulter	Continuous improvement programme
Multis	Change in business focus: waste management initiatives

In this context a new On-Line Performance Management System was formulated, piloted and implemented on the basis of an extensive multi-layered process of employee involvement and consultation. Employees not only highlighted the problems with the existing system but also identified pragmatic and innovative solutions to these problems based on their tacit knowledge and experience of both their job and the products they were delivering. The new system that has been put in place is considered to have delivered benefits to the organisation, external customers, the team leaders and the telephone agents.

As suggested above, a partnership-style approach has been central to the ongoing process of organisational change within the ESB. One such initiative was the PACT agreement, a major change programme that involved both staff reductions and substantial changes to the organisational structure. Significantly an extensive and sophisticated communications strategy that was jointly co-ordinated by senior management and the trade unions was at the core of the success of this initiative. Indeed PACT represented a total sea change in how the ESB approached the issue of informing, consulting and involving employees.

At Dublin City Council the establishment within the Mechanical Services Division of a partnership forum based on open communication, consultation and an openness to change has underpinned a dramatic transformation in both the working environment and working practices of this unit. In particular, a conflictual industrial relations environment has been replaced by high levels of organisational commitment, trust and improved levels of operational efficiency based on innovation and joint problem solving. Indeed having been previously considered as a poor value for money service the Mechanical Division is now capable of successfully competing for open tenders against other service providers.

At Multis the switch to a new customer in 2002 had major implications for staff in administration and logistics and for the technical staff in general. Consultation about changes occurred at a very early stage. This was necessary in order to identify the challenges for Multis. Without consultation it was felt unlikely that Multis could have so successfully changed so much of its business focus to this new customer in so short a space of time. Sun systems was a new customer in mid 2002 and within six months it accounted for 50 per cent of Multis business.

Finally within the GMIT, an open and collaborative team-based approach was adopted in seeking to merge the HR and Payroll departments as part of a broader programme of change – the MIS project. This emphasis on informing and consulting with staff afforded them a real sense of ownership and contributed to the fact that the merger was achieved with few problems. Equally it also underpinned the fact that this change has generated mutual benefits to all the relevant stakeholders – management, the employees and internal customers. Importantly, it was also suggested that the adoption of a similar open and consultative approach to another MIS initiative – a ‘Banner System’ to manage academic affairs – might have alleviated a number of the problems and tensions associated with this particular change, which has to date been less successful.

The examples summarised above and elsewhere in the report (see Chapter 7) highlight the role that information and consultation can play in facilitating the successful management of change. In several instances the adoption of a more sophisticated approach to employee dialogue and engagement actually served to augment the organisation’s capacity to anticipate and/or drive change (e.g. Vhi, Medtronic, Multis and ESB). The adoption of such effective mechanisms for employee voice also fostered the development of a more flexible and adaptable workforce that embraces the need for continuous improvement and innovation (e.g. Medtronic, Beckman Coulter and Vhi).

Significantly, in virtually all of the case studies reviewed, management and employee representatives concurred that informing and consulting with employees fostered a greater acceptance of organisational change. This openness to change is underpinned by the fact that informing and/or engaging with employees can create a better or shared understanding of why change is occurring. This acceptance of change is reinforced in instances where employees have a good level of awareness of key organisational goals and their business environment. Consequently, change is linked more easily to the pursuit of such goals or key strategic objectives. In this regard in seeking to increase employees' acceptance of change there is clearly an onus on management to both improve how they articulate decisions and to engage in a meaningful two-way dialogue.

Developing a better understanding of why and how change is occurring also prevents uncertainty developing within the workforce. A number of managers noted that in introducing change, if employee uncertainty is not addressed, it has the capacity to fester in a manner that can create employment relations problems and damage employee morale. The development of more sophisticated procedures for informing and consulting with staff in several organisations actually provided a platform for employees to pro-actively engage with and drive the change in question (e.g. Vhi, Medtronic, ESB and DCC). This type of pro-active engagement encouraged staff to take a real ownership of the change process and as such equipped the change with a greater degree of legitimacy and credibility (e.g. GMIT). As was suggested above, the generation of effective employee voice mechanisms have the capacity to unlock the insights, creativity and intellectual capital of employees. Actively 'tapping into' the collective knowledge of employees actually improved the quality and effectiveness of the change that was being introduced (e.g. Vhi, DCC and Medtronic).

Such effective voice mechanisms can also serve to reconfigure attitudes towards change whether in relation to new and flexible ways of working (e.g. Beckman Coulter, Medtronic and DCC) or how an issue such as environmental health and safety is managed (e.g. GE Interlogix and ESB). In all the above examples the pro-active engagement with staff forged a commitment to continuous improvement in relation to working practices, work scheduling, service delivery, safety procedures and production procedures. It is also important to recognise that the benefits of managing change more effectively did not only accrue to the organisation. There is also a link to improved levels of job satisfaction and work commitment.

In a study carried out by NUIG (2004) it suggested that the more transformational the change the less likely that consultation with employees would occur. In contrast they noted that if change was of an incremental nature or related to employees' jobs or impacted on a union-employer agreement then management generally valued the input of employees and/or representatives. At one level a number of the changes outlined in Table 4.7 would fall within this broad description. It is important to note, however, that these changes were in themselves not insignificant. Although it is possible to distinguish between transformational and incremental change, neatly distinguishing between strategic, operational or technical issues in practice can be more problematic. Change initiatives that were concerned with issues such as improving service delivery, refocusing the business, enhancing customer service, improving efficiency, encouraging more flexible and adaptable working, changing how work is organised or stimulating innovation were all clearly linked to organisational strategies for improving performance even if they are often played out at a more operational level.

It was also evident that the type of change initiatives outlined in table 4.7 had, in different ways, the capacity to directly or indirectly impact on employees' working lives as they dealt with issues such as how work is organised, the scheduling of workload, the introduction of new working practices, changing job content, opportunities for involvement and the general working environment. It was vital therefore that not only were employees informed of such changes but also that they had an opportunity to voice their opinions and be listened to by senior management. Interestingly one of the employee representatives highlighted that one should not underestimate the importance of addressing what appear to be 'lower order' issues that are raised by employees. Resolving these types of issues effectively produces tangible outputs for employees. It is also important in terms of influencing their perceptions of the working environment and in particular their opinion as to whether or not their views are actually valued by management.

Earning the benefits – the importance of top-level support

The preceding two sections clearly highlighted the benefits associated with informing and consulting in the workplace. In this regard it is important to stress that the benefits associated with information and consultation must be earned. Critically, making good information and consultation happen requires more than putting certain mechanisms in place, as it is the use of the practices and procedures that is the key. In particular, the case studies suggest that the visible and continued support of top-level management for the development of a participatory management culture is pivotal. This level of support serves to create an environment in which employees want to contribute and are prepared to pro-actively engage with change. It also establishes a context in which management are incentivised or indeed in some instances constrained, to foster a more inclusive and participatory approach to working. Consequently the key to more effective informing and consulting lies not so much in the bundle of practices that are adopted per se as in the context, manner and spirit in which they are introduced and progressed.

4.6 Conclusion

This chapter has highlighted that the organisations involved in this study are generally adopting a relatively progressive and open approach to informing and consulting with employees. The incremental emergence of a more forward-thinking approach to informing and consulting employees is premised on the fact that organisations have clearly identified communicating, informing and engaging with staff as an integral part of their business and organisational strategies. Even within these organisations, however, the level of managerial enthusiasm for stimulating a more participatory and inclusive working environment varies considerably. It is also important to remember that other work by the Centre/ESRI has also identified the extent to which significant sections of the workforce feel excluded from their organisation's decision-making processes (see Chapter 2). In this regard it is therefore critical that the case studies have provided tangible evidence of the business case for improving and enhancing current practices for informing and consulting. Significantly, however, the key to reaping the benefits of more effective informing and consulting lies not so much in the bundle of practices that are adopted per se as in the context, manner and spirit in which they are introduced and progressed. In all of the case studies moreover there was a recognition that their current approach is very much work in progress and as such there is a need to focus attention on how to enhance and improve the culture of informing and consulting amongst all the stakeholders. Indeed as will be discussed in the subsequent chapter, many of the organisations view the EU Directive as potentially providing an enabling framework for enhancing and improving current practices and procedures.

The European Employee Information and Consultation Directive – Attitudes, Perceptions and Challenges

This research was undertaken in the context of the adoption by the EU Parliament of the European Employee Information and Consultation Directive and its expected implementation in Ireland from March 2005. The National Centre for Partnership and Performance considered it important to gauge management and employee representatives' attitudes and perceptions towards this Directive. In particular the research interviews focused on two issues. Firstly, respondents' perceptions of the potential impact of the Directive on their existing organisational culture, practices and procedures for informing and consulting with employees. Secondly, what they considered would be the main challenges in seeking to comply, at an organisational level, with the requirements of any forthcoming statutory regulation on this matter.

In this regard it is important to reiterate that the EU has afforded national government's considerable flexibility to tailor national legislation in accordance with national circumstances, preferences and employment practices. The Directive also gives employers and employee representatives the right to customise arrangements for information and consultation at the level of the undertaking or establishment. A number of the management representatives stipulated that the response of their respective organisations will, to a large extent, be determined by the nature and scope of the legislation transposing the Directive into Irish law.

Awareness and understanding of the Directive

The overwhelming majority of the HR/ER managers interviewed had a moderate to good awareness and understanding of the European Employee Information and Consultation Directive. In contrast, the level of awareness and understanding amongst other managers, and employees in general, was in their opinion very limited. The reasons for this is that Human Resource/Employee Relations managers will be responsible for framing their organisation's response to legislation on the issue. The majority of managers had begun to focus on this issue, with a smaller number already actively planning for it at the time of the interviews. The timing of the interviews, some 18-20 months before any national legislation will be in place, further reinforced the divergence within organisations. Apart from the HR/ER specialists, the Directive has not become a 'live' issue for the majority of managers and

employees. A clear majority of employee representatives indicated their understanding and awareness of the Directive to be moderate to poor. Again this would appear to be a consequence of the *'timing'* of the interviews rather than a lack of interest in the issue of informing and consulting employees *per se*.

As noted above, the majority of organisations had begun in some form or other to explore the potential implications of the Directive. At Allianz, for example, the issue had already been discussed at their Group Enterprise Forum. Equally the willingness of organisations to participate in this project was in part indicative of the fact that they were focussing on this issue especially within the HR/ER units. Similarly, while the employee representatives had only a limited knowledge of the detail of the Directive they displayed a clear interest in discussing the potential implications of any proposed statutory legislation on internal practices for informing and consulting with employees.

Attitudes towards the Directive

In general the management representatives expressed a broad welcome for the aims and intentions of the Directive. At the ESB, for example, management noted that it embodies the direction in which the company is seeking to go. Similarly, although management at Beckman Coulter Instruments expressed a degree of uncertainty about certain aspects of the Directive, there was a perception that it would be beneficial both for the company and its employees (see also GMIT, Allianz, GE Interlogix, Nortel Networks, Roches Stores and Medtronic).

Importantly, this generalised support from management was balanced by a very strong emphasis on the need to ensure that any future regulation did not constrain competitiveness and flexibility. The management interviews also articulated a number of issues of concern, which the legislation for transposing the Directive into Irish law will have to address in an appropriate manner and these are discussed opposite (see Table 5.1). Additionally management interviewees also identified potential challenges for their respective organisations in seeking to comply with the requirements

of any future statutory regulation. These are also discussed later in this chapter. While these challenges are significant, it is also evident that the majority of management representatives are not unduly troubled by the prospects of legislative intervention in this area. This is provided of course that certain key issues were addressed in a *'responsible, pragmatic and appropriate manner'*. Interestingly, no manager articulated any overt hostility to this measure nor were there any strong indications that it was perceived as a major threat on competitiveness.

Employee representatives were strongly in favour of the aims and objectives of the Directive. Although their understanding of its detail was limited, they affirmed their strong support for any measure designed to enhance and improve the practice of informing and consulting with employees. They considered that such an initiative would, in their opinion, generate benefits not only for employees but also for the organisation in general.

Transposing the Directive into Irish Law: Key issues for management

As already alluded to, management in general were broadly supportive of the aims of the Directive. Significantly however they indicated that the manner in which the legislation for transposing the Directive addresses a number of key issues (see Table 5.1) would be critical in shaping their perspectives on the regulation.

Table 5.1 Transposing the Directive into Irish Law: Key management issues

- Flexible arrangements & structures
- Confidentiality
- Locus of decision making
- Distinction between consultation & negotiation
- Relationship with industrial relations structures.

Flexibility

The primary concern raised by management in relation to future legislation on the Directive was the extent to which it would seek to *'define'* a model for informing and consulting employee representatives and consequently impose what they considered *'restrictive'* structures and/or arrangements on organisations. The overwhelming preference of the management interviewees was for a general framework, within which there would be sufficient flexibility for organisations to customise and tailor arrangements in accordance with their own preferences and employment relations' culture. One senior manager from a non-union multinational for example stipulated that any new structures or arrangements should support the existing dynamics between management and employees within their organisation. This call for flexibility was not confined to 'non-union' firms only. It was raised by almost all of the management representatives. This need for flexibility at enterprise-level should not necessarily be equated with a demand to weaken the overall aims of the Directive, though obviously in some instances it could be construed as such. In this regard one manager noted that while it was essential that their organisation be afforded the scope to customise any future institutional arrangements for informing and consulting with employee representatives, it was also important that *'such arrangements added value'*. The legislation should be framed in a manner that fosters practices and procedures at enterprise level that are flexible and effective.

Confidentiality

A significant number of the managers interviewed stressed that the manner in which any future legislation deals with the issue of confidentiality, particularly with regard to market sensitive information, was of critical importance to their respective organisations. In highlighting this issue, managers indicated that confidentiality was not currently a problem within their organisations due to the fact that they had well-established procedures and/or codes of conduct in place for dealing with highly confidential information.

At Medtronic, in the context of a fairly progressive approach to information sharing, confidentiality is a key consideration. Information with significant market consequences – for example the actual design of a new product – is not divulged at the quarterly staff meetings. There is however an understanding within the union and among staff that this is a necessary approach. Similarly, confidentiality is a core principle for the Group Enterprise Forum at Allianz, and in some instances, information will only be communicated verbally and not recorded in the minutes that are circulated to all employees. Again in this instance, the employee representatives are supportive of the need to maintain confidentiality. In raising this issue, managers were articulating the need for the legislation not to undermine how organisations currently manage the delicate balance between confidentiality, information sharing and engaging staff. In particular, it was suggested that the legislation should avoid imposing *'unrealistic'* and potentially injurious demands on organisations. Some managers also raised the question of how the regulation will deal with sensitive or difficult information, which either the company or employees regard as adverse to their interests.

Locus of decision making

Several of the multinational subsidiaries characterised their degree of autonomy from the parent company as relatively limited. It would not be usual for the management at the Irish facility to have to implement a decision that was formulated at the North American headquarters for example (see Chapter 7). Indeed, at present in such instances, neither management nor employees at the Irish facility are consulted and both parties are informed at practically the same juncture. In this regard these managers were concerned that the legislation in seeking to enhance information and consultation would have to recognise that on certain issues the 'locus of decision-making' was outside of the national jurisdiction.

Distinction between consultation and negotiation

A number of managers suggested that the legislation be framed in a manner that enables organisations when undertaking information and consultation, to distinguish the difference between consultation and negotiation in the context of organisational change. While recognising that consultation is premised on employee input it is clearly a different dynamic to formalised negotiations over change-related issues.

Relationship with industrial relations

In a similar vein, one senior manager from a highly unionised organisation, was concerned that the nature of the relationship between any new consultative forums, that may be established in response to future legislation, and pre-existing industrial relations structures could prove problematic and contentious if not handled appropriately. This manager was of the opinion that this would only become problematic if the legislation was overly 'restrictive' and focused solely on establishing new statutory-based structures, as opposed to embracing existing arrangements and practices that already performed information and consultation functions within organisations.

The impact on organisational culture, practices and procedures

Both management and employee respondents were asked to consider the extent to which their organisation's culture, practices and procedures for informing and consulting with employees would have to change in light of the forthcoming legislation to transpose the Directive. Outside of the non-unionised companies the prevailing view amongst both sets of respondents, manager and employee representatives, was that their organisational culture would not have to change significantly as a result of any new legislation to implement the Directive. Rather than significant change, most respondents referred to the need to focus on improving their organisational culture and associated practices. Several of the interviewees actually suggested that potentially the main benefit of the Directive will be that it will provide a framework and stimulus for focusing attention on how to enhance and improve the culture of informing and consulting amongst all the stakeholders (e.g. Vhi, GE Interlogix, Dublin City Council and GMIT).

Similarly, in relation to practices and procedures, the majority of responses alluded to the need to adapt, formalise, reconfigure and/or enhance existing processes rather than implying that there would be a fundamental shift in the mechanisms they currently use for informing and consulting with employees. One senior HR manager suggested that the Directive might require them to regularise and formalise how they currently approached informing and consulting with employee representatives. In this context it was suggested that the Directive might limit the scope for managerial discretion in deciding what issues employee representatives are normally kept informed about. Indeed several managers referred to the fact that an approach based on '*keeping employees informed on a need to know basis only*' would appear to be at variance with the thrust of the Directive.

**Table 5.2 Informing and consulting with employee representative
– The role of partnership-style arrangements**

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 in conjunction with the other members of this body formulates the annual programme of work for the Forum. 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 in particular provides a basis for effective exchange of information – horizontally and vertically – between the various participants. In particular this serves to provide the employee representatives with a greater understanding of the strategic issues facing the organisation. Equally it also affords representatives an opportunity to have input into key issues and as such 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 to enhance dialogue with a view to improving company performance in a manner that generates mutual gains. Membership is comprised of management representatives, including the CEO, an 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 management 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, to foster and enhance employee voice and to 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 and was for example consulted extensively over the relocation process. There is however a very strong focus on addressing functional day-to-day issues that impinge on employees' working environment. Importantly it was recognised that addressing such issues effectively did influence employees' perceptions of their working environment particularly in relation to whether they felt management listened to them. 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 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 is variable and certainly on the more strategic issues the emphasis is on 'informing' employees only. Conversely it does exert a major influence over the operational-type issues that employee representatives themselves bring to the forum.

Equally, however, management interviewees, in the same context, displayed a willingness to both emulate good practice in other organisations and to experiment with new approaches to informing and consulting employee representatives. The views expressed above tend to reinforce the analysis outlined in Chapter 4, with regard to the fact that most organisations are striving to adopt a generally progressive approach to informing and consulting with employees as part of an overall strategy for improving internal communication and increasing employee involvement.

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 exceed the minimum requirements of any future legislation brought in to implement the Directive (see Table 5.2). At Allianz both management and employee representatives were confident that their Group Enterprise Forum (GEF) met the practical requirements and overall spirit of the Directive. In this regard they highlighted the following characteristics; the fact that it was the product of a negotiated agreement; its written constitution; its open and elected membership; the focus on key business issues and the emphasis on both information sharing and two-way communication. Interestingly, however, some employee representatives suggested that the Directive could impact on the evolution of the GEF by regularising and enhancing, on certain issues, the consultative dimensions of their two-way dialogue. Similarly the Vhi respondents were confident that the structure, composition, character and function of their Partnership Forum would more than exceed any future statutory requirements. The employee representatives 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.

While outlining these examples of pre-existing partnership-style information and consultation structures, it is important to reiterate that the Directive is non-prescriptive in relation to the type of practical arrangements that might be put in place to facilitate the informing and consulting of employee representatives (see Chapter 3). Given that effective information sharing and consultation are at the heart of a partnership approach it is not surprising that individual respondents identified such a linkage. The Involvement and Participation Association (2002) contends that a partnership-style approach to information and consultation is inherent in the text and spirit of the Directive. However, it is important to note the Directive does not contain any reference to specific types of institutional arrangements. Interestingly, several managers indicated that the implementation of the Directive within their respective organisations would actually be addressed in a partnership-style manner.

Although cognisant of the need to continue to improve internal communication practices, the HR manager at GE Interlogix considered that the company's existing approach as embodied in their partnership-style Staff Association would appear to accord with the intentions of the Directive. This same respondent did suggest that in the future employee representatives may have to be informed and consulted at an earlier stage of the decision making process and that the types of issues under discussion may be extended. Significantly the prospect of management being required to 'consult' earlier with the employee representatives on core business issues was identified as representing a major challenge to the prevailing managerial culture at the company HQ. This perspective was shared by a union representative in the same organisation who suggested the implications of the Directive might be perceived by some sections of management as a challenge to managerial prerogative.

The organisational challenges posed by the directive

Business Culture

The aforementioned example of GE Interlogix highlights one of the principal challenges facing a number of organisations that are subsidiaries of North American multinationals, namely reconciling the requirements of the Directive with the prevailing business culture of the parent company (e.g. Dell, Nortel Networks, Beckman Coulter Instruments and GE Interlogix). Both management and employee representatives identified this as a potentially problematic issue. In particular it is evident that the business culture of the parent companies in question would generally either be adverse to indirect representation and/or opposed to increased 'consultation' with employee representatives over key business issues. Even in instances where the companies formally recognised unions at the Irish facilities, the requirement to engage in consultation would appear to have significant implications for how certain organisations traditionally approached the process of informing and consulting with employees. As indicated earlier in this chapter, in many cases the locus of decision-making resides with the North American HQ, and as such is outside the realm of national jurisdiction. This further compounds the challenge associated with reconciling the Directive with the parent companies' preferred approach to doing business.

The management respondents from several of these companies indicated that they would face a major task in allaying senior executives concerns regarding the implications of the Directive. These concerns focused in particular on the impact on managerial decision-making, organisational flexibility and competitiveness. Employee representatives also suggested that a minority of managers would be concerned about the impact on the right of managers to manage. Interestingly the culture of the parent company at the US-owned

Medtronic was not considered to be a major barrier in meeting the requirements of the Directive. Indeed, it was tentatively suggested that the culture of the company and in particular its emphasis on engaging with employees and stimulating employee participation, would in fact be indirectly supportive of the key aims embodied by the Directive.

Non-unionised establishment

The Directive's emphasis on engaging with employee representatives clearly represents a challenge for companies that have a well-established preference for engaging with employees directly. Within the case study organisations, four companies – Dell, Electric Paper Co., Nortel and Multis – have currently no formal arrangements for indirect employee representation. One senior manager from this grouping expressed a high degree of wariness towards the Directive due to its potential impact on both their current employment relation's culture and internal flexibility. They therefore expressed their requirement that future regulation support the existing dynamics between management and employees. Although the management interviewee at Nortel signified that securing executive buy-in for this Directive would be a challenge, their perspective on the Directive was somewhat more favourable. This was in part due to the company's previous experience of indirect representation within Ireland and their positive assessment of the transnational Nortel European Forum.

For companies that display a strong preference for direct forms of employee engagement, the possibility of establishing practical arrangements to facilitate indirect representation would clearly mark a new departure. In this context, however, several managers from these same organisations suggested that given their emphasis on stimulating employee dialogue and participation, this in essence did not mark a radical sea change in organisational culture. Significantly in such instances establishing new arrangements for indirect consultation and informing was not associated with unionisation or union recognition. As was highlighted in Chapter 4 in the vast majority of organisations direct and indirect forms of informing and consulting with employees

are mutually supportive and complementary. Consequently, in instances where previously only direct engagement took place, one would assume that any new indirect arrangements, that may be inspired by future legislation, will be integrated with rather than replace existing direct methods and techniques.

Securing staff interest

The interviewee from Nortel indicated that as well as winning senior executive support, management will also have to address staff indifference towards indirect forms of representation. Although the company had, up until the closure of its manufacturing division, traditionally recognised unions, there was never any formalised union presence amongst the categories of staff that now remain at the facility. Interestingly, however, the employee respondent at Nortel, who was the Irish employee representative on the Nortel European Forum, indicated that the positive experience of this Forum demonstrated the value of having similar arrangements operating at national level. In particular, the employee representative suggested that staff would welcome the opportunity to have a forum in which management had to articulate clearly the reasoning behind certain business decisions and staff would also have a chance to have their say about these changes. This employee representative was not a member of a union and did not equate the establishment of formalised indirect representational arrangements with union organisation within the company. While the management and employee representative may have had differing opinions regarding staff enthusiasm for indirect forms of representation, both agreed that employees expected to be informed and consulted about decisions that impacted on their working lives.

Improving current practice

Despite the progress that organisations have made in terms of improving their approach to informing and consulting, a number of management and employee representatives indicated that the Directive would clearly require that they pro-actively focus on improving the culture of the organisation in relation to this issue. As was highlighted in Chapter 4, both management and employee representatives recognise that their current strategies for communication and dialogue are very much work in progress. This has underpinned a discernible willingness to continue to experiment and innovate. Although management would probably have preferred an alternative to the legislative route that has now been put in motion, their stated emphasis on the need to 'step-up' to the next stage of development in terms of how they engage with employees clearly accords with the Directive's emphasis on improving and enhancing the effectiveness of current practice.

Industrial relations structures

The Directive, it was suggested, might also present a challenge in terms of determining the precise relationship between existing and/or any new consultative forums that may possibly be established and dedicated industrial relations structures. One employee representative also implied that the establishment of a consultative employee forum comprised union and non-union employee representatives could be considered problematic from the union's perspective.

Communication overload

Finally given that companies had in general adopted a fairly progressive approach to providing employees with information there was some concern that this Directive could result in a 'communication overload'. More specifically there was a view that without adequate training in how to interpret certain types of data, particularly of a financial and technical nature, employee representatives could be constrained in undertaking their role.

Addressing the challenges

As well as highlighting the challenges in meeting the requirements of national legislation, respondents were asked to suggest how these challenges might be overcome. Both management and employee representatives identified an information and education role for public agencies and representative bodies. This would include issuing guidelines and developing support tools to assist organisations in developing their own practical arrangements for informing and consulting with employees. Similarly, it was suggested that examples of good practice from a range of different organisations, would be particularly helpful. These case studies would demonstrate the practical arrangements that organisations have put in place in seeking to respond to the Directive. Additionally using case studies to 'showcase' the benefits to be garnered from effective information and consultation practices would be important in terms of making the 'case' for the Directive.

It was also recognised that an integral part of the HR/ER managers remit in relation to this new Directive will be in identifying and highlighting the positive benefits that it may yield for the company. Several respondents also noted that there would appear to be a need for organisations to put in place customised training and information programmes for management, staff and employee representatives.

Although as suggested above the Directive would, for some companies, appear to be at variance with the parent company's prevailing business culture this was not perceived to be an insurmountable challenge. At Beckman Coulter Instruments, for example, the HQ's concern about this Directive will probably be mitigated by the fact that it has to be applied at all company sites in the EU. In fact the company has set up a 'European' team to examine the impact of the Directive on this basis. Similarly at Nortel the positive experience of the Nortel European Forum will be important as it provides a working model for national representative arrangements. Although the Directive is a new departure for statutory-based information and consultation in the Irish context, it is not predicated on establishing an Irish version of enterprise level co-determination based on the model of influential works councils in the Netherlands and Germany. From a managerial perspective, this will be key factor in assuaging senior executive concerns about the impact of this new regulation on their Irish operations.

Finally several organisations recognised that the potential solutions to some of these challenges will only emerge when management and employees begin to actually explore the practical implications of the Directive in practice. As was suggested above there is a sense in which the Directive will serve as a 'stimulus' for refocusing attention on the need to improve and enhance both the culture and associated practices for informing and consulting with employees and/or employee representatives. Several respondents suggested that the Directive therefore might provide a welcome opportunity to revisit and review their current practices. This to an extent is indicative of a growing recognition that enhancing an organisation's culture and practices for informing and consulting with employees and/or employee representatives is something that the organisation should be doing anyway because of the potential benefits that it can generate.

Conclusion

This chapter aimed to provide an overview of the attitudes and perceptions of both management and employee representatives towards the Directive on Informing and Consulting with employees. These views are being expressed in the absence of the legislation that will transpose the Directive into Irish law and it is recognised that the way it deals with a number of key issues (see Table 5.1) will be critical in shaping attitudes to it and in determining the challenges that organisations will face in seeking to comply. Even taking this qualification on board the views of the respondents from a diverse range of organisations is worth consideration. The majority of management respondents expressed their support for the general aims and spirit of this initiative, while balancing this with a very strong emphasis on the need to ensure that any future regulation did not constrain competitiveness and flexibility. Although employee representatives have as yet to fully engage with this issue there was strong support for any initiative that will enhance information and consultation practices.

While the nature and shape of future legislation will be pivotal in determining the impact of the Directive on organisations, one can assume that there will be for many organisations changes to the current culture and practices i.e. earlier and increased levels of consultation, more regularised information flows and possibly, in some instances, new systems of indirect employee representation. These changes are clearly significant. While the Directive represents an important development in Irish employment relations, it will take time for its impact on current practice to develop and evolve. What it will do however, initially, is to establish a legislative framework that will serve to focus attention on the need to enhance and improve individual organisation's existing culture and associated practices and procedures for informing and consulting.

This attention might possibly necessitate the establishment of new practical arrangements, which would be an important development. Additionally, the possibility of establishing indirect forms of employee representation would also represent a new departure for those organisations that currently do not use such mechanisms. In other instances, however, this improvement may be achieved by the adaptation, reconfiguring and/or formalising of existing arrangements, which is equally as important as the development of 'brand-new' institutional structures.

Interestingly while academic interest has tended to focus on the new institutional arrangements for indirect representation that may be generated by this Directive in the Irish context, the case study respondents tended to highlight more the capacity of the Directive to serve as a catalyst for enhancing and improving their existing culture for informing and consulting with employees and/or employee representatives. Indeed given that there was a strong consensus that communication and involvement strategies in most organisations were very much work in progress then the Directive's emphasis on strengthening dialogue and building mutual trust would appear to correlate with the direction that many organisations are seeking to travel.

Practical Recommendations

Chapter 4 highlighted that the case study organisations have in general adopted a relatively progressive approach to informing and consulting. This provides a strong platform on which further progress in this area can be made. As discussed in Chapter 5, many organisations envisage that the EU Directive on Informing and Consulting Employees will provide an enabling framework that will serve to focus attention on the need to improve and enhance current practice. This same discussion, however, also revealed the challenges that implementing this Directive will pose for organisations and its employees.

While these challenges are very real it is important to recognise that the Directive does afford organisations an opportunity to improve and enhance current practices in relation to informing and consulting and to begin to foster and deepen partnership-style relations at enterprise level. In this context the aim of this chapter is to provide some practical recommendations, drawn from the case studies, that organisations should consider in designing appropriate and viable enterprise-level information and consultation arrangements.

Existing employee fora – emulation of good practice

As highlighted already in this report the EU has afforded governments considerable flexibility to tailor national legislation in accordance with national circumstances, preferences and employment practices. This Directive also gives employers and employee representatives the right to customise arrangements for information and consultation at the level of the undertaking or establishment. The Department of Enterprise, Trade and Employment has recently initiated a consultation process on the Directive that will feed into their ongoing work to formulate the legislation that will transpose the Directive into

Irish law. Consequently, a number of management representatives contended that the response of their respective organisations to the Directive will, to a large extent, be determined by the nature and scope of the transposition legislation.

A number of organisations, however, contend that the purpose, scope, function and composition of their existing employee fora for informing and consulting employee representatives appeared to meet the requirements and spirit of the Directive. In one organisation in particular both the management and the employee representatives noted the following characteristics of their employee forum as being in their opinion, important in terms of meeting with the general thrust, aims and spirit of the Directive.

- It was the product of a negotiated agreement
- It has an agreed and written constitution
- It has an open and elected membership
- Its agenda is focused on key business and organisational issues
- It promotes information sharing, employee dialogue and participation
- It recognises the need to continue to develop and evolve.

As has already been stated, the Directive is non-prescriptive as to the type of practical arrangements that should be put in place. This report also supports the contention that there is no single model of good or effective practice. Interestingly, however a large number of the organisations indicated the need to identify case studies of good practice in particular those organisations that had already put in place practical arrangements for informing and consulting with employee representatives. Indeed there was a strong willingness amongst the case study organisations to foster shared learning and, where practical, emulate good practice. In this context a number of the case studies identified by this study clearly provide working examples of information and consultation in practice.

Building a framework of good practice

As stated earlier there is no single model of effective practice and indeed each of the case studies had their own customised bundle of practices and procedures. In this regard it is important to reiterate that it is the effectiveness or utility of the mechanisms for informing and consulting rather than the number of them that is important. Although the case studies are indicative of the diversity of approaches that can be adopted, they generate a number of principles of good practice that organisations should consider when designing their enterprise-level arrangements for informing and consulting. The following principles outline a framework for good practice in organisations.

Customised

As stated above it is important to recognise that there is no one model of good practice. Rather the key is to develop and customise flexible practical arrangements that accord with the needs and culture of the organisation and its employees.

Adhere to the spirit of the Directive

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.

Benchmarks of good practice

In customising their own practical arrangements organisations should seek to adopt benchmarks of good practice in relation to fostering employee voice and promoting employee involvement and participation.

Flexible and effective

Recognise that developing flexible and customised arrangements can actually serve to enhance the effectiveness of practices and procedures for informing and consulting of employee representatives.

Integrated

Mechanisms designed to inform and consult with employees and that strive to foster employee voice should be integrated with the organisations other HR policies and strategies. Equally any new or enhanced arrangements should build on and complement the existing direct and indirect mechanisms that an organisation has in place.

Aligned with organisational strategy

The commitment to improve and enhance current activities for informing and consulting needs to align with the organisation's strategy and business plan. In this regard there must be a clear business case for the need to focus attention on enhancing the organisation's culture towards employee dialogue and involvement.

Evolution

Understand that information and consultation arrangements evolve as trust grows and individuals acquire the requisite skills and experience. Equally it takes time for new consultative arrangements to position themselves within an organisation's existing internal decision-making structure.

Experimentation and innovation

As part of this evolution it is important that there is a commitment to experiment and innovate with new arrangements and ideas in seeking to develop the practices that best fit an organisation's needs. This is particularly important in instances where developing practical arrangements for informing and consulting with employee representatives represents a new departure for the organisation.

Building agreement

Any new arrangements should not be seen to have been imposed and as such it is important that they are the product of an identifiable process of employee dialogue. In a number of case studies employee fora had an agreed constitution that covered the scope, function, composition and purpose of the arrangements in question. This appears to afford such arrangements a degree of status and credibility. However, the existence of a written agreement does not constrain the emphasis on evolution and experimentation.

Monitoring and review

It is important to have an inbuilt mechanism or system for monitoring and reviewing existing arrangements with a view to encouraging continuous improvement.

Benefits and outputs

Although the Directive confers a framework of minimum rights in relation to being informed and consulted, it is also important that the participants strive to generate tangible and mutual gains from the various mechanisms that are put in place. This is important in terms of building the credibility and status of any arrangements for informing and consulting.

Training

Ensure that employee representatives have the skills necessary to engage in information and consultation activities on behalf of the organisation's staff. Equally management must have the requisite capacity to communicate information effectively and to engage in meaningful dialogue. Organisations should seek to develop these competencies across the organisation.

Organisational Culture

Critically, effecting a good information and consultation system requires more than putting certain mechanisms in place, as it is the use of the practices and procedures that is the key. In particular, the case studies suggest that the visible and continued support of top-level management for the development of a participatory management culture is pivotal. Consequently, the key to more effective informing and consulting lies not so much in the institutional arrangements that are adopted as in the context, manner and spirit in which they are introduced and progressed.

Conclusion

The Directive clearly represents an opportunity to focus attention on the need to improve and enhance current practice in relation to informing and consulting employees. As this report has shown there is a strong business case for organisations to seek to undertake this task, irrespective of the forthcoming legislation on this matter. This Directive poses real challenges to many organisations. There is clearly no single model of effective practice. However this chapter provides a framework of good principles. This provides management, employees and employee representatives with a framework they can draw upon, in striving to put in place appropriate and sustainable arrangements that will facilitate more effective information and consultation practices.

Chapter 7

Case Studies of Information and Consultation

- 7.1 Medtronic
- 7.2 Dublin City Council
- 7.3 Allianz Ireland
- 7.4 Beckman Coulter Instruments, Galway
- 7.5 GE Interlogix
- 7.6 The Electric Paper Company
- 7.7 Barnardos
- 7.8 Vhi Case Study
- 7.9 Dell Computers Ireland – Sales and Support Divisions
- 7.10 Galway Mayo Institute of Technology
- 7.11 ESB
- 7.12 Multis
- 7.13 Nortel Networks
- 7.14 Roches Stores

7.1 Medtronic

Organisational profile

Medtronic globally

Medtronic provides medical professionals with products and therapies to treat a range of chronic diseases. The company is headquartered in Minneapolis and currently employs almost 30,000 people.

Established in 1949, it has grown very strongly over the last decade. Mergers and acquisitions have played an important role. However, growth and expansion at Medtronic relies primarily on innovation. There is constant pressure to improve existing products, develop new products and to move into new related areas. Two statistics highlight the extent to which internal innovation and change is now ingrained at Medtronic:

- 66% of revenue is generated from products which are less than 2 years old
- 80% of employees are working on products that are less than 2 years old.

The company has grown considerably in recent years (Table 7.1-1). Over the last five years sales have grown at over 17% each year. The pattern has been of constant growth and this has been matched by increases each year in expenditure on R&D.

Table 7.1-1 Medtronic Selected Growth Indicators

	2003	1999
Net sales	\$7.7bn	\$4.3bn
Research and development expenditure	\$749m	\$442m
Number of employees (Galway)	1500	900

Medtronic Galway

Medtronic Galway was originally owned by CR Bard and became part of Medtronic in January 1999. Since that time employment at Galway has increased to 1500. Following the acquisition, ten CR Bard manufacturing sites within the new Division were closed around the world. However, the Galway facility survived. While its initial focus in 1982 was on low-tech operations and products, by 1998 it had also been given responsibility for Global R&D, and the Manufacturing and Marketing of catheters and stents. Its R&D strengths were reflected in the high proportion of patent filings generated out of Galway for the Division. A very well qualified workforce and good experienced management complemented this proven R&D capability.

This spirit of pro-actively building for the future, of 'staying ahead of the game', remains a critical feature of the Galway operation. It is accepted among management, employees and unions that this is required to ensure that jobs survive in Galway. It means a shared commitment to innovation, to upgrading, to change and to learning and development and this is evident across all sectors of the workforce.

Medtronic operate in a very volatile and fast moving industry. The search to find new ways to stay ahead has increasingly turned towards staff. In particular, in 2003 it renewed its policy of employee involvement. This has focused on training and learning but also on ways to ensure that on a day-to-day basis new ideas and staff influence decision-making. The objective is to leverage employee involvement in order to make gains in an increasingly competitive business.

Ireland can no longer be considered a low cost location; Medtronic hourly rates in Ireland are four times those that apply in Mexico (\$US 16 versus 4). The pressure is on for Ireland to move up the value chain in Manufacturing, R&D, Regulatory Affairs and Sales & Marketing. However, this cost pressure is used as a spur at Medtronic Galway to deepen and develop the role of employees. There is commitment to developing, maximising and upgrading employee talent. This is reflected in the level of training and also in the importance attached to information and consultation.

Employee Relations

Table 7.1-2 shows the breakdown of employment in Galway. There is a closed shop agreement with SIPTU covering permanent hourly paid employees working in manufacturing and the warehouse. The remaining employees are not represented by a trade union.

Table 7.1-2 Breakdown of Medtronic staff categories in 2003	
	Numbers employed
Hourly paid employees	1100
Clerical and technical	150
Research and development	100
Managerial	150

Globally, Galway is the only Medtronic operation in which trade unions are recognised. The relationship between management and trade unions is good. No time has ever been lost, since its start-up in 1982, due to an industrial dispute and the company has not had occasion to resort to any third party intervention. Management believe that they can approach union representatives directly and work with them to find solutions. There is also a feeling among management that individual employees are increasingly taking responsibility for their needs and that this is changing the role of formal representation at Medtronic.

There is ongoing interaction and dialogue between union shop stewards and management. The union has adopted a very positive stance. It is their belief that they share responsibility for the survival and improvement of jobs at Medtronic Galway. However, they also work very hard to ensure that their members are adequately rewarded for their effort and initiative. For SIPTU, work place change and improvement is very much a two way process.

There is an incentive based element to pay which means that up to 5%-7% (depending on grades) of salary is linked to Division and Site performance with reductions for non-attendance and poor performance.

There is an awareness that staff must be open to re-training and to further education. The ability to adapt and change is seen by management as a fundamental requirement. Staff accept that on-going learning is now part of what they must do if they are to have long term security. For example, 150 Medtronic employees have enrolled in part-time third level courses for 2003/2004.

There is no formalised partnership agreement at Medtronic Galway. Formal pay negotiations take place between union officials and management. In general, Medtronic has at least matched national pay agreements.

Information Sharing

In general, there is a very progressive approach to information sharing at Medtronic. Techniques include weekly departmental meetings, quarterly general employee updates on the business, email, intranet, newsletters every two weeks, a company handbook, notice boards and induction material and breakfast meetings for new employees.

Direct Information Sharing – There is a monthly meeting in which a global presentation is given to managers and employee representatives are present at this meeting. However, the cornerstone of information sharing at Medtronic is a quarterly meeting held with all staff (200–300 per meeting). These meetings provide staff with a lot of business specific information. There is a question and answer session and there are reasonable levels of participation.

Confidentiality is a key consideration. Information with market consequences — for example the actual design of a new product — is not divulged at the quarterly meeting. There is an understanding within the union and among staff that this is necessary to protect the company.

There are also ongoing face-to face meetings among teams, within business units and across departments. These complement the information exchange at quarterly meetings. At these meetings the information shared is more specific. It is these meetings that ensure that employees are informed and involved in decision-making.

Indirect Information Sharing – Shop stewards and the role of the union in general facilitates information sharing. There is an open door policy and the relationship between management and union representatives is strong. There are weekly meetings between the shop stewards and HR management.

Shop stewards will usually be consulted in advance of the quarterly meeting. They do not get a preview of the agenda but if there are relevant or difficult issues there will usually be some interaction before the meeting takes place.

Management do not feel that union members receive better information than non-union members. The union does provide an important service for its members insofar as it helps to distil and prioritise information. It also offers a conduit for people to express views. For example, the union pointed out that many people can find the quarterly meeting quite intimidating and the ability to send comments back via the union is very useful.

European Works Council (EWC) – The senior shop steward and an employee representing non-union staff attend one meeting of the Works Council each year. This forum is an opportunity to share information across the European plants. The representatives will canvas their colleagues for suggestions. An issue is discussed if it has relevance to more than two European plants, for example, issues discussed in the past included the implications that might arise from a new centralised approach to customer service. The EWC is seen by one of the representatives as a platform for information that cuts off many rumours. The representatives use email, notice boards and the company newsletter to feed back information to colleagues.

Worldwide Forum – This is a recent innovation. Two employees are randomly selected from each plant and invited to videoconference in on a forum hosted at Medtronic HQ. The objective is to provide an opportunity for staff from across the organisation to participate in a discussion about general experiences within Medtronic. A lot of information is provided but it is also an opportunity for individual staff to have their views heard at a central level in the organisation.

Consultation

Employee representatives indicated that the approach to consultation at Medtronic is excellent. However, communication is seen as ongoing work in progress. The techniques are modified and changed from time to time in an effort to develop the most appropriate approach.

Direct Consultation – Attitude surveys are carried out globally every two years with results presented for each plant and occupational categories. There are suggestion schemes and performance reviews and the latter includes a training and development plan. There are also individual development plans at a managerial level — these have not been used with all levels of staff yet for administrative reasons.

The quarterly meeting provides the most formal opportunity for employee input. Feedback sessions with shop stewards and directly with line managers offers scope for further consultation. A range of smaller and more frequent meetings within teams, business units and departments provide further opportunity for input.

There are weekly meetings at all levels. The head of Medtronic Galway meets on a weekly basis with his senior management team. In each business unit similar meetings take place. Further, there are weekly meetings with supervisors and employees and this provides employees with a lot of very specific information, for example, in relation to yields and performance of various products.

There are also special project groups established as needs arise. These offer an opportunity for staff to deliberate on specific issues. Most recently, over 200 staff participated in focus group sessions to develop a statement of Core Values. Interestingly, one of the core values to emerge for Medtronic was respect. This is now formally recognised in the company handbook as one of the core values guiding and influencing work at Medtronic Galway.

Employee representatives felt that employee consultation and involvement is increasing. There is a feeling that senior management are now pushing to get everyone more involved. The aim is to make consultation and involvement a core part of how business is carried out on a day-to-day basis. There is a real desire among senior management to encourage and support employee involvement.

Example 7.1-a Employee-led innovation at Medtronic: An example from the manufacturing area

Identifying an opportunity for change

An employee working on a production line argued that colleagues, and indeed line managers, might not be fully aware of all the handling errors or mistakes. She suggested that a thorough re-examination of routine everyday practices might reveal small errors that had begun to slip underneath the radar. Given the nature of the business and the intense level of regulation that exists in the sector, these errors were not linked to quality but they could impact on worker safety and the efficiency of work in the plant.

Examining the production process in detail

The management team, and in particular the employee's line manager, were supportive. The employee began to examine the production process in detail, actively seeking out relevant information. The analysis indicated that employees were very competent in the tasks they performed, however small handling errors had begun to emerge — the employee identified fifteen in total. The handling errors were subtle. During presentations to management and colleagues the most any group identified was eight errors.

The use of presentations in this example reflects the real innovative contribution of employee-led change. It was agreed that the key objective was to make employees more aware of their production routines and to help them identify and redress errors themselves. In consultation with colleagues and management it was agreed to make an amateur video of operators in order to highlight what types of errors were occurring.

Enhancing the culture of improvement

The video footage was presented to the management team and to each of the teams working in that section of the organisation. After each presentation, those present were asked to indicate how many mistakes they observed. The results provided employees with a wake up call as many were surprised at how many errors they did not notice.

The impact on employees was positive. The presentation style and tone encouraged experimentation, innovation and a no blame culture. Employees did not feel they had been told what to do — after all, this employee was one of their colleagues. They felt that they had been shown in an interesting and fairly relaxed manner just where the scope for improvement existed.

The story above provides a flavour of the emerging approach to work at Medtronic.

There was general agreement among management and staff that this was a very successful change management initiative. It is taken, by senior management, as evidence that employee-led change can deliver significant improvements.

There is a real commitment to the idea that the future of Medtronic relies in finding these and other ways to develop and build upon human capital. Management practise ongoing formal and informal open door communications and encourage discussion around change issues as they arise.

There is a strong commitment to increasing employee involvement in decision-making especially within areas affecting the team-based operation where inputs and those decisions are vital. In this environment everyone — front line staff and engineers, technicians and other support staff — are expected to recommend improvements to their work.

Further, management are actively working to enable and support employee involvement. A key management focus and challenge for HR at Medtronic is to work closely with project groups and teams in order to help find ways to improve work. For example, they are facilitating a move to

more integrated work processes. Previously teams had worked on issues in a sequential manner. The focus is now switching towards more simultaneous engineering whereby all those involved are brought together and work through the issues.

Indirect Consultation – The indirect arrangements do not distinguish clearly between information and consultation. The union is involved continually in consultation on work-related issues, such as shift changes, absenteeism and grievances. They will also suggest changes about things like work practice — in this context the union does see itself as a force for change and improvement with the important proviso that the gains are shared by employees.

There is very little opportunity for indirect consultation with the non-union employee representative as his role is tightly linked to the European Works Council.

Benefits of Information and Consultation

Information and consultation is a positive force for change and improvement at Medtronic. It is contributing to the performance of the company but it is also improving the work environment.

The approach to information and consultation is underpinning a sense of shared understanding of what the business needs and employees and management are working very hard to ensure that these needs are satisfied. Both senior management and the senior shop steward offered a similar explanation of outsourcing and why it was a positive step for Medtronic — even though it meant that a very significant and profitable line was to close. Both explained that it was necessary to anticipate change and to prepare for the long term. In the words of the senior shop steward ‘the product had to go if we were to gear up for changes coming down the line’.

The company is increasingly able to turn to employees for new ideas, they can be relied on to work more flexibly and they are open to new ways of working. Employees are well paid for this contribution and some of their pay is directly linked to performance.

Information and consultation is also diluting the feeling of them and us and helping to re-affirm the Medtronic mission and its commitment to issues like respect. It helps to make people’s jobs more interesting. People have a sense that the company is being straight, they feel more secure and feel that at least in the medium term (7/8) years they can be confident about their jobs.

EU Information and Consultation Directive

There is a strong belief among management and unions that this new Directive will be embraced willingly at Medtronic. The Directive was circulated to many of the senior management team.

Management are strongly in favour of information and consultation. It is critical for management that the Directive is framed in such a way that it supports competitiveness. They note a number of areas that will require consideration, including:

- the need to devise a methodology to deal with sensitive/difficult information which the company or employees regard as adverse to their interests
- the need to continue to protect the company in relation to market sensitive information
- the operational distinction between consultation and negotiation in the context of substantial change.

Finally, the union expressed concerns about how practices may change or business will be conducted when the new information and consultation Directive is implemented.

They, like management, acknowledge that the core message contained in the Directive will need to be simplified, communicated and integrated to enhance the work environment and ensure the current drive and commitment towards creativity and the culture of readiness for change and learning continues.

7.2 Dublin City Council

Organisational Profile

Although Dublin City Council (DCC) has been in existence, in one form or another, for over five hundred years, it only began to officially employ people in 1850. Today, DCC employs 6,500 staff in 500 locations around the city. Its primary activities are the provision of housing, water, waste management and other services to the city's population, the collection of local taxes such as business rates and car tax, and community-building activities in areas of the city suffering from high rates of unemployment, drug addiction and social exclusion. In 2002, DCC's budget was over €1 billion. In the words of a senior manager, Dublin City Council is 'the conduit through which the city operates'.

Employee Relations

Dublin City Council is almost fully unionised – 94% of its workforce has union membership (see Table 7.2-1). DCC has enjoyed industrial peace for a number of years and both management and unions reported increased levels of trust and positive working relationships between individual managers and trade union officials. This is due primarily to the introduction of formal information and consultation processes such as the Dublin City Council Partnership Forum.

The operating environment within which Dublin City Council finds itself has changed fundamentally in recent years. Competitiveness and productivity have become important performance indicators

due to reduced resources and political drift towards the privatisation of council-provided services such as water and waste management. If DCC management, staff and unions wish to continue to provide these services directly, they have to prove their ability to compete effectively against private sector providers. Consequently, flexibility and cost consciousness have been key change drivers in recent years.

For example, the threat of privatisation in waste collection services galvanised a joint management-union approach to change. Waste collection was transformed to a flexible, twenty four/seven style service, incorporating recycling imitative, and managed by smaller, more productive crews.

Information Sharing

Dublin City Council uses indirect and direct methods to inform and consult with its workforce and their representatives. **Indirect information** processes include issuing circulars to trade union representatives, holding meetings, telephone calls and making presentations to the Partnership Forum. Despite some union misgivings, DCC managers also use **direct information** processes, in the belief that staff 'like to hear it from the City Manager, from the horse's mouth, so to speak'. Processes include newsletters, direct briefings, intranet postings, an organisational handbook, memos, notice boards, email and notices contained in wage slips.

Table 7.2-1 Dublin City Council staff & union structure

Grade	No. Employed	% Employed	Represented by
Fire Brigade	1,000	15	SIPTU (Industrial)
Craft Workers	800	12	TEEU, Craft Unions
General Operatives	3,000	46	SIPTU (Local Authority)
Admin, Technical & Professional Staff	1,700	26	Impact (Local Government)

Consultation

Indirect consultation – takes place through the Partnership Forum, established in 1999, and other joint management-union committees concerned with staff issues, such as Equality, Health and Safety and Work-Life Balance. The Partnership Forum has 24 members – 12 trade union representatives, 6 management representatives and 6 staff representatives – and meets monthly. Issues under discussion can include the development of partnership approaches in DCC, HR issues including absenteeism, key organisational and business issues, productivity and performance issues. It is serviced and facilitated by two staff from DCC's Human Resources Division.

When the Forum was established, it tried to decentralise partnership and established locally based groups that worked in partnership to solve problems at local level. Not all of these groups were successful and some have since dissolved. However, groups still operate in the Fire Brigade and in the Stanley St. Mechanical Division (see Example 7.2-a, opposite).

The Forum is currently undergoing significant change. Management and unions have agreed to deepen the existing agenda to include issues normally confined to Industrial Relations processes (in particular, issues relating to terms and conditions of employment). Consequently, the parties are restructuring the Forum to facilitate this change, and the staff representatives will no longer sit on the Forum. Their positions are being given to management representatives.

There are mixed views on the efficiency of formal consultation processes. There is a consensus between managers and trade unions that the quality of information and consultation can depend on an individual managers attitude, ability and

management style, which varies widely across DCC's 500 sites. Many middle managers do not communicate effectively with staff, Head Office or trade unions. Management and union representatives agree that they have 'not bought into partnership'.

In addition, there is a history of exclusion (whether deliberate or not) of General Operatives (G.O.s) and other outdoor staff from the information and consultation loop. For example, many G.O.s don't have access to information technology because, traditionally, they were barred from entering administration areas, and although that is no longer the case, the separation mentality lingers.

In addition, there are mixed views on the effectiveness of existing consultation processes. Trade union representatives feel that consultation generally takes place 'post-decision and pre-implementation' and that management are engaging in 'a rubber-stamping exercise'. Managers accepted that the consultation 'experience' varied widely throughout DCC, but felt that the Partnership Forum has contributed greatly to the maintenance of industrial peace and the development of a partnership approach to change at central level.

The benefits of Information and Consultation

There is a strong level of consensus on the benefits of information, consultation and partnership processes in DCC. Management and trade unions agreed that formal Information and Consultation processes have improved organisational performance in the following areas: introducing changes to work practices, increasing workforce flexibility and attitudes to change, introducing new services and increasing the level of joint problem solving. The parties agree that staff commitment is increasing.

Example 7.2-a Partnership in Dublin City Council's Mechanical Division

The Mechanical Division Services undertakes fleet maintenance for DCC, including NCT, fuel purchasing, accident reporting, driver training (800 drivers) and maintenance of the Lord Mayor's Coach. The division operates in a number of sites, including Stanley St. Trade union representation is primarily by craft unions. There has been a turbulent IR history and low trust.

In 1999, a new Senior Engineer, with experience of working in the private sector, took over the running of the Division. Around the same time, a staff member with extensive trade union experience was promoted to Superintendent. Both were concerned about issues threatening the future of the division, including:

- Changing environment – increased levels of contracting on the part of DCC meant the division's workbase was reducing and jobs were threatened
- DCC had reduced its fleet and the division's staff had dropped from 143 to 50
- The division was not seen as producing value for money.

Around the same time, union representatives began to realise that the remaining jobs were going to be lost if they didn't do something. The management team introduced an open door policy, with 'a door that opened both ways' and went out onto the shop floor to talk to people. They also began to hold supervisor's team meetings, before the concept of Team Talk was introduced.

In an attempt to develop an understanding of the bigger picture, the management team held in-house training for all staff to increase awareness of the organisation and to increase commitment to the division and to each other. Workshop fitters and administration staff were encouraged to mix and to learn about their interdependence.

A crucial breakthrough came when the fitters agreed to broaden their skillbase and multi-task in return for a 7.5% pay increase. Unions asked for and received business information and realised the division could reduce costs and become more competitive than private contractors. A comparative study was undertaken: half the fleet was maintained in-house and half sent out to a private maintenance company. The results were compared – due to the changes adopted by the fitters and other staff, the Mechanical Division proved itself more competitive than the private contractor.

A Mechanical Division Partnership Forum was established with nine members – three management, three union and three staff representatives. Administration staff and fitters have an equal say. Managers guarantee the presence of a decision-maker at each meeting, under a system they call management substitution. Decision-making is consensus-based and issues dealt with to date include the:

- Introduction of an electronic job card
- Outcomes of a comparative study of the costs of using contractors/ in house team
- Development of a retirement ritual/ party that gave dignity to people
- Development of a fleet management system and code book – 70% of staff have ECDL
- Building of a first aid room and the development and circulation of a safety handbook and instructions manuals for all machinery
- Changes in how parts are ordered through stores.

7.3 Allianz Ireland

Organisational profile

Allianz Ireland is a multi-line general insurance (Non-Life) company and is part of the German multinational Allianz Group, a leading global insurer and provider of financial services. The Allianz Group had a gross written premium turnover of €83 billion in 2002 and employed more than 180,000 people in seventy locations worldwide. The head office for Allianz Ireland is located in Dublin with a country-wide network of seven branches. The Irish head office has full autonomy for all Irish operations though it has to meet certain performance targets that are set by the parent company based in Munich. Key performance indicators for the company relate to economic value added; underwriting targets and control of expenses. Allianz Ireland has continued to expand in recent years and achieved a gross written premium (turnover) of €850m in 2002. Employment at the company has expanded from 800 to approximately 933 between 2000 and 2003 and an approximate breakdown of the numbers employed at different levels/categories is outlined in Table 7.3-1.

The company is a sophisticated knowledge-based organisation: a fact reflected both in its extensive use of information technology and the qualifications profile of its staff. At present 25 per cent of employees hold either a university degree or Chartered Insurance Institute (CII) professional qualification with a further 23 per cent either studying for CII certification and/or other third level qualifications.

Table 7.3-1 Breakdown of Allianz Ireland Staff Categories 2003

Category	No
Senior Management	33
Band 3	200
Band 2	400
Band 1	300

Employee Relations

Amicus (formerly MSF) is the recognised trade union within Allianz Ireland and union density currently stands at between 60 and 65 per cent of employees. The majority of unionised employees (90 per cent) are employed in Bands 1,2 and 3 (see Table 7.3-1) though there is also union presence within the higher-level managerial grades. Both management and employee representatives stipulated that there was a very good working relationship between management and the recognised trade union. There is ongoing interaction between the HR manager and union branch officials, particularly the chair of the MSF committee, through formal IR structures, the Group Enterprise Forum and on a more informal basis. The HR manager indicated that the company had engaged in a major change programme around five years ago that incorporated, amongst other things, the renegotiation of terms and conditions and methods of payment. Significantly, in the opinion of the HR manager, the MSF national officials adopted a very strategic approach and articulated the need for the union to pro-actively engage in the process of managing change. Indeed it was the positive experience of managing this major change process that actually stimulated the establishment of the company's formalised partnership arrangement, the Group Enterprise Forum (GEF) in 1998.

Information Sharing

Direct Information Sharing – In general the company has adopted a progressive and comprehensive approach to communicating information directly to employees. Techniques used include team meetings, employee handbooks, memos, newsletters, electronic bulletins, email and intranet and Quarterly Business Performance updates. The strong technological focus within the company has served to facilitate the effective dissemination of information. There is a strong emphasis on ensuring that key information 'cascades' down and across the organisation. Following each Board of Management (BOM) meeting, three to four key BOM points are identified and, along with a briefing note, are distributed to each manager who is then responsible for communicating this information to employees through team briefings. A similar approach also underpins the

dissemination of the Quarterly Business Performance Updates. Confidentiality is a critical consideration for the company, particularly in relation to key strategic and financial information. Employees do however receive information relating to organisational, financial and business performance and according to the bi-annual Staff Survey employees would appear to have a high awareness of key business objectives, particularly within their respective departments.

The general approach adopted by the company is that those categories of employees who need to be informed about a particular change receive this information at a relatively early stage of the decision-making process, while other staff would be informed at a much later stage i.e. planning or pre-implementation. Senior and middle managers were informed and indeed consulted at an early stage in relation to the formulation of organisational strategy. Similarly, if there are any changes relating to a particular product the employees who sell this product will be informed early, as they require this knowledge to carry out their job effectively. Additionally any information that has a strong IR dimension is communicated at an early stage to union officials.

Indirect Information Sharing – The manner in which the company discloses information to employee representatives can vary, depending on the issues involved. In general however the Group Enterprise Forum is the main method for communicating directly with employee representatives. If the issue in question is IR-related then union representatives will be informed first. As noted above there is a positive and open relationship between management and unions and as such this facilitates both formal and informal exchanges of information. From the employee representatives' perspective they tend to be informed about changes on issues such as organisational stage or new technology at the latter stages of the decision-making cycle. Interestingly, one GEF member was of the view that as the new committee evolves in terms of experience and credibility it will invariably be seeking to be informed about certain issues at an earlier stage of the decision-making process. All interviewees agreed that the various direct and indirect methods

for informing employees were mutually supportive. Thus in terms of the information that is circulated, the Quarterly Business Updates, the BOM briefings and the GEF are all working in parallel and clearly complement each other.

Consultation

Direct consultation – With regard to direct consultation with employees the main techniques utilised by the company are a bi-annual electronic employee survey; performance reviews and training and development reviews. In seeking to initiate any major change moreover the company invariably sets up temporary issue-specific project groups such as the multi-disciplinary team that was established in relation to the automation of the Mid Market Commercial business. Additionally the HR manager contended that at a more micro-level, employees are engaged in ongoing informal consultation over issues such as process improvement.

Indirect consultation – Management's approach to encouraging effective employee dialogue and two-way communication with employee representatives was in the opinion of all interviewees fairly positive and open. The positive industrial relations environment that operates within the company ensures that there is frequent interaction and consultation between management and union representatives in relation to the core industrial relations issues. Outside of the formalised IR arena, the company's partnership structure, the Group Enterprise Forum (GEF), is the main basis for consultation between management and employee representatives. The employee representatives did highlight that, in their opinion, informing and/or listening to feedback from the employee representative tended to be more prevalent than formalised consultation *per se*. Conversely, there was general agreement that the GEF was an important mechanism for enhancing employee voice and stimulating effective two-way communication over a range of key business issues (see Example 7.3-a overleaf).

The benefits of Information and Consultation

Informing and consulting – either directly or indirectly – with employees was viewed as making a positive contribution to organisational change within the company. In particular an emphasis on providing the reasoning behind change and promoting pro-active employee engagement has to a degree served reduce uncertainty, reconfigure attitudes and increase the acceptance of change. Additionally while discerning and/or measuring the precise contribution of information and consultation is difficult the respondents indicated that it had made a positive contribution to increasing employee commitment; improving employee awareness of business objectives; increasing flexible working practices; encouraging a more participatory approach to decision-making; enhancing employee voice and supporting the co-operative industrial relations climate.

EU Information and Consultation Directive

The HR manager indicated that he had a good understanding of the EU Information and Consultation Directive and that the HR section is currently planning for its eventual implementation through national legislation. In broadly welcoming the general thrust of the Directive the key issue for the company remains how the issue of confidentiality, especially market sensitive data, will be addressed in the legislation. Although the nature of any future legislation will ultimately shape the company's response, the HR manager was convinced that the establishment and continued evolution of the GEF would ensure that the company would have to initiate few changes in current structures and practices.

In particular the fact that the GEF was underpinned by a written and agreed constitution, was the product of negotiations with employee representatives and had an open and elected membership would appear to correlate with key aspects of the Directive as it stands. The employee representatives also indicated that, in their opinion, the Directive would not necessitate any major changes in the organisational culture towards informing and consulting with employees given the generally progressive approach that the company has adopted. They agreed that the GEF would appear to encapsulate the key requirements and indeed spirit of the Directive. They did suggest that the legislation might regularise and enhance the consultative dimensions of the GEF's work. In this regard it could also formalise and give a higher profile to the role of employee representatives within the company.

Example 7.3-a Fostering employee voice – the Group Enterprise Forum

Building on the positive relationship that developed between management and the MSF (now called AMICUS) during a major process of organisational change, it was decided to establish formalised partnership arrangements within the Group and in 1998 the first Group Enterprise Forum (GEF) was set up. The GEF was the first such partnership-based group within the Irish financial services industry.

The GEF has a written constitution that outlines its functions and scope as well as the agreed protocols that govern the powers and procedures of this partnership-based body. The purpose of the Forum is to facilitate and encourage increased employee participation and in particular by fostering improved levels co-operation, consultation and information exchange actively contribute to improved company performance in a manner that generates mutual gains. The GEF membership consists of three management representatives, including the CEO, and eight staff representatives. Aside from the two Amicus trade union delegates, the staff elect all employee representatives for a three-year term of office.

The agenda of the GEF is very much 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. A key role for the Forum is to provide an arena in which the company clearly articulates the rationale for decisions that impact on employees. This process also provides an opportunity for employee representatives to engage in two-way communication with senior management over key business issues and initiatives.

The core IR issues of pay and conditions are not discussed within this body. All the respondents agreed that there was a very positive working relationship with the GEF and indeed a key principle that has underpinned the Forum's evolution has been its emphasis on an open and frank discussion of issues. Confidentiality is another key characteristic of the GEF's work and on certain occasions information that is deemed highly market sensitive will

be verbally communicated but not included in the minutes that are circulated to all staff.

While asserting the right of managers to manage, the HR manager stipulated that the Forum went beyond merely communicating information as it afforded employee representatives an opportunity to pro-actively engage with key organisational initiatives. The employee representatives certainly value the opportunities for two-way dialogue and there was a general consensus that they are listened to by senior management. Conversely, they did articulate the view that on some issues there was a need to be involved at an earlier stage and that the continued evolution of GEF would require some tangible evidence that the two-way dialogue and consultation was having a meaningful input into the decision-making process.

Significantly, the GEF is viewed as a dynamic process. Its function and positioning, particularly in relation to organisational decision-making, will take time to evolve and develop. Since its inception, the level and quality of two-way communication over issues has increased considerably. Consequently the employee representatives indicated that the next stage of the GEF's evolution is to realise its potential as a forum that promotes consultation, co-operation and engagement with key business issues. Since its inception in 1998, the GEF has already yielded a number of tangible benefits for the various stakeholders including:

- The fostering of enhanced employee voice
- The provision of an effective consultative forum for all staff – union and non-unionised
- The promotion and encouragement of staff engagement with key business issues
- The increased communication of core business information and data
- An improved understanding of key business objectives and organisational strategy
- The removal of core business issues from the IR arena
- An increased recognition of the need to articulate the rationale behind key organisational decisions.

7.4 Beckman Coulter Instruments, Galway

Organisational profile

Beckman Coulter Instruments is a leading provider of instrument systems and complementary products that simplify and automate laboratory processes. From integrated laboratory automation solutions, to centrifuges and blood analysers, to rapid-test diagnostic kits, the company's products are used throughout the world in the battle against disease. Annual sales for the company totalled \$2.06 billion in 2002. Beckman Coulter has offices in 130 countries around the world, including Ireland.

Beckman Coulter Instruments is located in Galway and is a branch subsidiary of the Beckman Coulter Corporation. The company has been operating in Ireland for thirty-one years. The Irish subsidiary manufactures components for centrifuges, as well as diagnostic reagents used in research. Reporting within the corporation is highly centralised, although there is a certain amount of autonomy at local level. The HR department has an intermediate reporting arrangement at European level.

Table 7.4-1 Growth Indicators at Galway Plant

	2002	1997
Turnover	€20m	€13-14
People Employed	130	120

The key performance indicators for Beckman Coulter Instruments, Galway are quality, cost and delivery – getting the order to the customer on time. The company has generally performed well during the last three years and has increased turnover by €6m. One of the key factors underpinning this performance has been its success in complying with FDA and ISO quality standards, which are critical requirements in the healthcare sector. In addition, the favourable Irish tax rate has contributed to an increase in employee numbers following a decision by the corporation to transfer a particular product from Germany to Ireland. However, there is a concern about the long-term viability of the Irish site should the tax arrangements in Ireland become less favourable.

Table 7.4-2 Workforce breakdown in Beckman Coulter Instruments, Galway

Staff Category	Numbers	Percentage
Shopfloor/Operators	65	50%
Technical laboratory	20	15%
Professional Engineers	10	8%
Managerial/Team Leaders	20	15%
Other	15	12%

The workforce in the Irish site can be broken down into four main categories, as per Table 7.4-2.

Employee Relations

Shop floor workers and operators (approximately 60% of employees) are represented by SIPTU. There is also a Staff Association that represents non-unionised clerical and technical employees. Representatives of the Staff Association meet management to review pay and conditions on behalf of non-unionised members of staff once per year.

A company/trade union committee was established during the 1970s. The committee meets on a monthly basis to discuss all issues relating to how the company is operating. The company/trade union agreement is reviewed every three to four years. The last review and agreement took place in 1999 and incorporated the establishment of the organisation's first formal partnership agreement. The main focus of this agreement was the introduction of a team-based performance management system and share participation scheme for shop floor workers.

The partnership agreement provides increased flexibility for the company and unions to negotiate beyond the restrictions of the house agreement, and has delivered a number of win-win successes so far. One such achievement has been the resolution of a difficulty the company had in recruiting and retaining a particular category of staff. Management and employee representatives agree that relationships with the union are good and that, while relationships have remained more or less the

same in the last three to five years, the partnership agreement has contributed to improved and more constructive relationships at a local level.

Information Sharing

Information about the company's performance at global and local level is made available to all Beckman Coulter employees.

Direct Information Sharing – Information is provided directly to employees using a range of techniques including a company handbook, memo/employee information notes, newsletters, bulletins, intranet, and notice boards. A monthly team briefing newsletter is the core communication channel and generally focuses on business issues, new products, changes to business, audits and so on. All employees receive a copy of the company's annual report, which also includes information about the company's finances. Monthly performance targets reports are displayed on the notice board. However, it was suggested by a staff representative that training should be provided so that employees can understand the target reports.

A wide range of face-to-face briefing arrangements are also in place at team, business unit, department and organisation levels. The Vice President of Manufacturing visits the site and addresses employees annually, while the President of the corporation visits the site and addresses employees once every five years.

There are mixed views between management and staff representatives and between the staff representatives themselves regarding the stage information on various issues is made available to employees. However, there was agreement that information about changes in organisational strategy and products or services is usually shared with employees at implementation stage because these decisions are generally made at corporate level.

Indirect Information Sharing – Management provides employee representatives with information during the monthly company/trade union committee meetings. Recognising the importance of preparing people for issues that are going to impact on them, management also utilises informal channels of communication to get the views of the shop steward and branch secretary.

The stages at which employee representatives are provided information are very similar to the stages when information is provided directly to members of staff.

Management believes that the arrangements for direct and indirect information sharing complement each other. Employees are sometimes reluctant to ask questions during group briefing sessions and feel more comfortable about approaching their representatives (union and non-union) with questions after the meetings.

Employee representatives describe communication within the company as generally good. But there have been occasions when it was felt that some information in relation to major company announcements e.g. proposed redundancies should have been conveyed at an earlier stage. The fact that this kind of information is not provided at an earlier stage may be a reflection of the influence of the company's global culture where the role of trade unions is not considered in strategic decisions.

Consultation

In addition to the company/trade union committee meeting and other team and department arrangements that provide opportunities for staff consultation and involvement, the company also has a Continuous Process Improvement (CPI) programme. This programme provides opportunities for employees, individually and as part of a team, to put their ideas about work and process improvement forward to management. A CPI improvement team examines a particular issue or problem, comes up with new ideas and makes recommendations to the CPI steering committee. This is a site-wide committee comprising managers, supervisors and shop floor workers (union and non-union). 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, delivery and reduced costs.

Benefits of Information and Consultation

The HR manager is responsible for the implementation of the company's communication strategy. Management believes that the practice of

Example 7.4-a Introduction of a Performance Management System – Beckman Coulter Instruments

In 1999 Beckman Coulter Instruments, Galway introduced a company wide performance management system for both unionised and non-unionised employees. Trade union representatives agreed the introduction of the performance management system for their members through a partnership process. Prior to this, the company did not have a formal partnership agreement.

In 1999 one of the Corporate level objectives was to introduce individualised performance management systems across the corporation. At the same time the company was participating in an ADAPT project, Partnership 2000 was coming on stream and the Company/Trade Union agreement in the Galway site was on the table for negotiation. The partnership process was born out of the concurrence of these activities and is now incorporated into the Company/Trade Union agreement process.

All employees, unionised and non-unionised, were kept informed of the proposals to introduce the performance management system through their respective staff representatives. Training was provided for everybody affected by the proposals. The introduction of the performance management system was negotiated separately for unionised and non-unionised staff, with two different systems being introduced – one which applies to the

unionised members of staff and forms part of the partnership agreement, and the other which applies to the non-unionised members of staff. Unionised employees have team-based goals whereas non-unionised employees have individual goals. All employees have the potential to receive a bonus to a maximum of 6%. In addition there is a guaranteed minimum increase in salary for everybody. However, non-unionised members, who have individual goals as opposed to team based goals, have the potential to earn a further 15% of the bonus amount to be paid.

Following the introduction of the performance management system a share participation scheme was introduced in 2002 in accordance with corporate strategy to build commitment to achieving goals and to share the benefit. This was also part of the partnership agreement. Union and employee representatives were informed and consulted with regard to the details and establishment of the scheme. The share participation scheme provides employees with an opportunity to receive their bonus in a tax efficient way.

The implementation of the performance management system through partnership arrangements has contributed to the achievement of organisational goals linked to site targets.

informing and consulting employees has had a positive impact on the organisation e.g. competitiveness, performance, employee understanding of key business objectives, problem solving and quality of decision-making. It was also key to the successful introduction of the performance management system. Staff representatives agree that in the main all improved benefits have been introduced through various information and consultation processes.

EU Information and Consultation Directive

While management and staff are uncertain about the implications of the Directive it is generally felt

that it will be beneficial to the company and its employees. But management is concerned about implementing the requirements of the Directive at local level. The culture of the global corporation is very traditional and has difficulty relating to the concept of consulting employees and employee representatives about its business strategy. It is also uncomfortable with the degree of regulation in Europe. However, the situation might be eased somewhat because all of the European sites will have to implement the Directive. A European team has been established to review the implications of the Directive for Beckman Coulter Instruments on a European wide basis.

7.5 GE Interlogix

Organisational profile

Having previously operated as IRITEC, the company was acquired by GE Interlogix in 2002 and is now part of the GE multinational corporation. GE's corporate structure is premised on twelve functional divisions and GE Interlogix is a part of the Industrial Systems division. The Irish (Dublin) facility has full autonomy over day-to-day operational activities, with strong guidance on strategic issues from the Executive Team at the Brussels Head Office. Since 2002 the workforce at the Dublin facility has grown from 200 to 230 and it is anticipated that this will increase by a further seventy in early 2004. Of the current workforce, 150 are employed as hourly paid operatives (factory-floor) with the remainder categorised as professional or salaried staff. The key business performance indicator for this facility is the achievement of a target operating margin of 18 per cent and in recent years the company has performed extremely well, securing a year-on-year growth rate of 10-15 per cent.

Within the plant there is a very strong focus on reducing waste, improving cost savings, product quality, customer service and organisational flexibility. Significantly, compared to other 'sister' operations the Dublin facility has achieved a higher level of performance across a range of key business metrics, including cost and flexibility. The level of competitiveness was critical in the plant being designated as the centre for the production of low to medium volume high technology, higher-valued added products, while the low value labour intensive products are now being manufactured in Asia.

Employee Relations

SIPTU represents hourly paid operatives, but there is no union presence amongst the salaried/professional staff (Table 7.5-1).

The primary industrial relations structure in the company is the Factory Floor Committee, which meets on a monthly basis. The SIPTU shop steward, who is a member of this committee, holds regular formal and informal meetings with the HR Manager. Although the company has not negotiated a partnership agreement with SIPTU, or established

Table 7.5-1 Trade union penetration in GE Intelogix

Employee Category	No.	Percentage unionised
Hourly Paid Operatives	150	56%
Salaried / Professionals	80	0
Total No. of Employees	230	42 %

any formal partnership structures, the Staff Association, which will be discussed later, is arguably a partnership-style institutional arrangement. The HR manager considers that the company has a good working relationship with the union and that this relationship has improved over the past 3-5 years. This improvement comes as a result of the adoption of a more pro-active partnership-style approach by management and the development of a more positive industrial relations culture.

The employee representatives' assessment of the relationship between management and SIPTU varied from moderate to good, though there was a general consensus that there had been an improvement in recent years due to the fostering of a more positive working environment. The SIPTU shop steward also indicated that the manner in which the company had approached negotiations over compensation for relocation within the third party Labour Relations Commission had actually served to underpin the positive industrial relations environment as it served to build trust and goodwill between the various individuals who were involved.

Information Sharing

Direct Information Sharing – In addition to regular face-to-face meetings with employees at a number of different levels – team, department and organisation (site-wide) – the company utilises a range of methods for informing employees directly including a company handbook; memos / information notes; bulletins; newsletter; intranet; notice boards; Quarterly Staff Meetings; focus groups and breakfast briefings.

The key forum for direct information sharing is the Quarterly Staff Meeting (QSM) at which employees are provided with an overall business review that

can incorporate a financial update, company strategy and plans for new products. As a result of the level and quality of data provided at these quarterly meetings the HR manager considered that employees had a high level of awareness of the organisation's role within the GE strategy. In response to a perceived lack of 'employee feedback' at the Quarterly Staff Meetings, Focus Groups comprised of randomly selected employees have now been established. While initially developed to benchmark how effectively they were disseminating information on key business metrics these focus groups also afford employees the opportunity to engage in dialogue over a range of topics. Additionally, each manager has been encouraged to be pro-active in developing effective communication strategies for their teams.

The main focus on the information that is provided to employees directly is on operational issues, related to how the company can improve its practices and procedures and become more competitive. According to management, information on issues such as product / service diversification; employment levels; new work practices; new technology; health and safety and training are communicated directly to employees at the planning stage. Information on pay and conditions, and organisational strategy, is disseminated at a later stage - implementation.

Indirect Information Sharing – The main method for disclosing information indirectly to employee representatives is the monthly Staff Association meeting. Aside from organisational strategy, they receive information at the same stage of the decision making process as employees in general. Engagement with the union, through the shop steward and/or Factory Floor Committee also facilitates indirect information exchange. There was general agreement that direct and indirect methods for informing staff are complementary.

Consultation

Direct consultation – At present GE Interlogix utilises a series of practices for consulting directly with staff, including attitude surveys; suggestion schemes; performance reviews; training and development reviews and one to one meetings. For example, management conducted one-to-one meetings to gauge the key issues and concerns for staff prior to the company's relocation to its current facility. In addition to the adoption of a strong team-based approach to its production and developmental work the company has also established permanent employee groupings for the purpose of discussing specific work-related aspects of organisational performance including the Internal Audit ISO Team, the 5 S house-keeping Audit Team and a group with responsibility for Environmental Health and Safety (see Table 7.5-2).

The company also establishes temporary employee groups for consultation on specific issues, such as Kaizen teams and Employee Focus Groups. In the former there is a strong emphasis in encouraging brainstorming around general business issues. In the opinion of the HR manager this form of employee consultation has resulted in improvements in working processes; operational layout; cost efficiency and flexible working. Tangible benefits have also been generated for staff, including a decision by the company to make permanent the free bus service that was initially established on a temporary basis as part of the relocation arrangements. This decision was influenced in part by a particular Employee Focus Group, during which employees articulated to senior management in the presence of the European CEO the extent to which this was a critical issue for the majority of staff.

Table 7.5-2 Changing attitudes and behaviour: Environmental Health and Safety

Within GE there is a very strong emphasis placed on Environmental Health and Safety. It is considered a key performance indicator for individual companies. Consequently, a company-level EHS team was established to raise standards in this area through the implementation of twenty-one frameworks relating to specific targets and objectives set by the parent company. In order to facilitate this, the central group delegated the management of these individual frameworks to different groupings across the plant. One team, for example, is focussing on improving employee involvement in Environmental Health and Safety. This formalised consultative process has, through a combination of self-monitoring and increased awareness of the issue by both staff in general and senior management in particular, facilitated the implementation of important changes in policies and procedures. Both management and union representatives agreed that the EHS team and

associated practices had produced a number of tangible mutual benefits including:

- An increased awareness amongst staff of EHS issues
- A safer working environment
- An increased focus by senior management on resolving EHS problems promptly and effectively
- Increased employee empowerment and participation in identifying and addressing EHS problems
- A reconfiguring of attitudes towards EHS to the extent that it is seen as a 'shared problem' with the potential for generating shared gains
- A discernible improvement in the working relationship between employees, employee representatives and senior management.

The success of the EHS initiative had encouraged management to experiment with the framework approach to dealing with other key issues.

Indirect consultation – The Staff Association is the main forum for consulting with staff representatives and it meets on a monthly basis. Employee representatives are elected to this forum by staff 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 engages with general company and employment-related issues and was consulted extensively over the relocation process. There is, however, a very strong focus on addressing functional day-to-day issues that impinge on employee working conditions. One employee representative highlighted the importance of addressing what appear to be 'lower order' issues, as these can be important in influencing employee perceptions of the working environment and can provide a platform for fostering employee commitment.

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 to raise work-related issues. The Staff Association's influence over managerial decision-making is variable and certainly on the more strategic issues the emphasis is on 'informing'. Conversely, they have a major influence over the issues that they themselves bring to the forum. While confirming the positive relationships that have evolved within the Staff Association, one trade union member indicated that the precise relationship between the Staff Association and industrial relations structures has yet to be fully explored.

All three employee representatives characterised management's approach to consultation as relatively positive, although the shop steward indicated that it is management who decide what issues are open to consultation. Both management and employee representatives recognise the distinction between informing and formal consultation, with union representatives stressing that management tend to focus on the former. It is also evident, however, that the increased efforts to promote effective two-way dialogue, have, in instances such as the Focus Groups and Staff Association, served to blur this formalised distinction somewhat.

The benefits of Information and Consultation

There was a strong consensus among management and employee representatives that informing and consulting with employees had resulted in tangible improvements in organisational performance; employee acceptance of change; employee commitment; flexible working; employee understanding of key business objectives; awareness of the competitive environment and participatory problem-solving. The emphasis on improving the company's information and consultation practices has served to improve the level and quality of employee voice within the organisation. The employee representatives signalled that there are now real opportunities for employee dialogue that reduce uncertainty and ensure that employees feel listened to by senior management. This has also facilitated increased levels of employee involvement and a more pro-active engagement with ongoing change, especially in relation to production processes and working practices.

EU Information and Consultation Directive

The HR unit will be responsible for implementing the EU Information and Consultation Directive within the company and although the HR manager has a good understanding of the Directive, the company has not yet begun to formally plan for it. In contrast, the employee representatives highlighted that there was a poor level of awareness of the Directive amongst employee representatives in general.

Given the pro-active steps that the company has taken to promote more effective two-way dialogue with employees, the HR manager perceives few problems in meeting the requirements of any new regulation provided that it affords the company sufficient flexibility to customise its approach. Rather than imposing new or parallel structures on the company, management contend that the focus of any new legislation for informing and consulting with employee representatives should be on enhancing existing arrangements and improving the organisation's culture in relation to these issues. The main challenge for management in meeting the possible requirements of the new Directive will be the requirement to engage with employee representatives at an earlier stage of the decision making process.

The union representatives agreed that management would have to engage with employee representatives at a much earlier stage. From the trade union's perspective, the main challenge for the company will be to effectively address negative perceptions of the Directive regarding its potential impact on internal flexibility and managerial prerogative. There was also a concern that enhanced information and consultation practices should be accompanied by improved training for employee representatives. Despite differences in opinion regarding the possible challenges, both management and employee representatives agreed that employees now expect to be informed and consulted over work-related issues. The Staff Association already functions as an important mechanism for raising issues of concern to employees and would seem to be in accordance with certain aspects of the Directive. Finally, although there was a consensus that the Directive would have little impact on the IR climate, one union representative indicated that it did represent an opportunity for the union to acquire a more formalised pro-active role within the organisation.

7.6 The Electric Paper Company

Organisational profile

Founded in Dublin in 1987, Electric Paper Company established itself as a provider of learning solutions using a variety of media. By the mid 1990s, it had positioned itself as a provider of e-learning solutions, and has grown to become one of Ireland's most successful e-learning companies. Its core product line is interactive courseware for IT literacy assessment, training and testing, focusing on certification standards including ECDL, ICDL and CLAIT. The courseware can be delivered over a variety of platforms including cd-rom, corporate networks and the internet.

In a business climate where many high-flying enterprises from the Dot.Com era have long since folded, Electric Paper has enjoyed both exceptional growth rates and a consistent presence in the honours list for industry accolades and awards. For three years running, the company has been ranked in the top twenty of the 'Fastest Fifty' list of fastest growing Irish technology companies, while its Managing Director was nominated for the 'Entrepreneur of the Year' awards for two consecutive years.

Following successful performance in the Irish, UK and Australian markets, the company is now expanding globally, and operates satellite offices in the UK, USA, Canada and Australia. It has released versions of its products for markets in the US, China, the Middle East and Latin America. Since 1997, the company has grown by more than 1000%, while its workforce has increased from 25 to 85 in that same period. In March 2003, the company was acquired by Third Force plc in a €15.5 million deal.

Employee Relations

The company is wholly non-unionised. A small senior management team organises the workforce around a number of technical functions and project teams. Team leaders, reporting to the senior management team, are primarily responsible for staff supervision.

Organisational challenges

Operating in a business environment that is fiercely competitive and volatile, Electric Paper faces complex business challenges. It is engaged in a very ambitious expansion of its market base, taking on new markets in the Middle East, China and the Americas, which poses technical and strategic challenges in terms of product development and marketing.

The technical demands of internationalising and localizing the product range are being successfully addressed by the company, which has invested in employing the right people for the challenge.

The strategic challenge of marketing its products in diverse international markets is addressed by aligning the products with the most widely recognized international certification standards, such as ICDL.

Going forward, questions arise regarding the best business model for developing and delivering the products on a global scale. Currently, the entire product lifecycle, from research and development through design and production, to sales and support, is delivered from the company's Dublin base. In future, the company may consider focusing its Dublin operation on high-end research and development functions, with more routine functions such as programming and testing being located elsewhere.

Meeting the competitive challenges

The company identifies three strands to its competitive performance:

People – the company depends on having a strong talent bank, but avoids having a narrow technical culture in the organisation by deliberately seeking out a mix of people from different backgrounds.

Processes – the company has put an increasing emphasis over the last few years on developing effective management processes. The FÁS Excellence Through People programme has provided a very useful framework for Human Resource management practices in the organisation.

Systems – the company has focused on rolling out effective systems, including back-end IT systems, to support the management and workforce.

Information and Consultation

Electric Paper is typical of many technology firms both in the way it organises its work, and in how the information and consultation dynamics in the organisation operate. The company claims that it has achieved a great deal of competitive advantage and flexibility from communicating effectively with its employees.

In terms of strategic consultation, staff from team leader level upwards are typically involved in planning and design of issues such as product development and work changes. Product strategy groups meet to look at the development and deployment of each product from a cross-functional perspective on each of the four core stages of the product life cycle.

In terms of operational issues, the company operates a structured team-working approach, providing information via senior management through team-leaders into project teams, while the team leader also channels the views and ideas of staff back to senior management. Formal post-project review methodologies are employed.

Media, including company handbooks, intranet, email, notice boards, audio-conferencing and web-based video conferencing with foreign offices are used as modes of communication with staff.

At an individual level, management conducts regular Performance Reviews with employees, incorporating training and development reviews.

EU Information and Consultation Directive

In the the company's view, the Directive will not require the establishment of completely new structures or mechanisms in the organisation. More likely it will respond by refining and perhaps formalising existing practices in the company. In fact, the company believes that the arrangements themselves will be less important than responding appropriately to the ideas behind the Directive.

Traditionally, the company has not used the type of 'consultative' terminology that appears in the Directive. However, it would always have been of the view that good two-way communication constitutes good listening as well as information provision.

For Electric Paper, getting the right information about the Directive in a helpful and timely manner is crucial. Opportunities to share ideas with other companies, perhaps along similar lines to the cluster groups set up in the Investment in Excellence programme in the UK, would be helpful.

7.7 Barnados

Organisational profile

Barnados Ireland is a professional care and advocacy organisation with charitable status. It has been working in the Republic of Ireland since 1966, and the independent Barnados Ireland organisation was established in 1989. It is Ireland's leading independent agency working with children at risk and their families, and in 2002 provided services in 28 centres in Counties Dublin, Cork, Limerick, Galway, Waterford, Westmeath, Carlow, Offaly, Wexford, Louth and Tipperary.

Barnados typically works with people whose lives have been affected by issues including poverty, homelessness, drug or alcohol dependency, domestic violence and sexual abuse. It also works at both national and international levels to raise awareness and inform policy-making and public debate on issues affecting its target groups.

Over the five-year period between 1997 and 2002, the workforce in Barnados grew by almost 300 per cent. In 2002, the organisation employed 300 staff, and provided services to over 12,000 children and their families. In the same year its income was €11.4 million, which represented a 29 per cent increase on funding from the previous year. Sixty per cent of the funding was provided by Statutory Agencies, with a further 17 per cent being accounted for by donations, and the remainder being provided from a combination of the Trusts and Foundations of Barnados, and by its revenue-generating shops.

The organisation operates a network of 28 project offices with a regional management structure. Barnados also runs a network of shop outlets in various locations across the country. Barnados' head office, in Christchurch, Dublin, provides centralised management and supports in relation to corporate planning, programme management, fundraising, communications, finance and human resources, as well as housing a number of services including the Sólás Bereavement Counselling service, the Beacon Guardian Ad Litem service, the National Children's Resource Centre, Origins, and the Adoption Advice service.

There are approximately 300 employees working in the organisation, in addition to a corps of volunteers who work alongside trained personnel on particular projects.

Employee Relations

The workforce includes a small senior management group, a team of middle managers, project leaders, project co-ordinators, and the various professional, para-professional and support staff involved in project delivery.

Approximately 15 per cent of the workforce, mainly staff in the services to children area, are members of trade unions. The majority are represented by IMPACT, with SIPTU representing a smaller proportion of the workforce.

The overall industrial relations climate in the organisation is good. Interaction between the organisation and the unions takes place most frequently in relation to single-case issues. While there is no formal partnership process or agreement between the organisation and the unions, negotiations in relation to overall terms and conditions do take place when the issues arise.

Organisational challenges

One of the strategic challenges facing Barnardos is to maintain its pre-eminent position as Ireland's leading children's charity, delivering quality services nationwide. The organisation sees the quality of its workforce as being the essential factor in meeting this challenge. To compete effectively in a competitive labour market, Barnardos must offer wages comparable to those in the public sector. Thus, changes in public sector pay arising from the public sector benchmarking exercise have an inevitable knock-on effect in the community and voluntary sector. In terms of ongoing human resource development, Barnardos sees the role of upskilling existing management and staff, and the adherence to best practice standards, as two of the keys to meeting the challenges it faces.

Another challenge going forward is defined by the notable changes in the operating climate for

Barnardos and other NGOs in Ireland. Following a period of significant expansion and investment over the last five years, in a climate of growing demand for its services, Barnardos must now plan its service delivery within increasingly difficult budgetary constraints. The organisation, which in 2002 received sixty per cent of its funding from the Exchequer, is now experiencing the knock-on effects of Exchequer cutbacks in the health system. For an organisation that places great importance on the quality of its service delivery, Barnardos medium term strategy is to consolidate existing services rather than continue the expansion it has undertaken over recent years.

Information and Consultation

Current information and consultation practices within Barnardos have evolved based on its organisational model, which consists of a significant number of projects under a regional management structure. Within this structure, there are a number of formalised ways in which employees are involved with management in Barnardos.

At national level, employees and management are involved in a number of working groups, which look at issues including Training and Development, and Health and Safety issues in the workplace. Also, staff surveys are conducted to garner views on specific issues.

At regional level, working groups involving management and employees are established to look at relevant issues. Groups established include:

- A Professional Practices group, which is pivotal to enhancing the performance and quality of service delivery within the organisation by focusing on best practice standards and developments within the professions.
- A Work-Life Balance group, which deals with issues such as the provision of after-hours services to families, and the implications of this for employees and clients. The group is piloting its ideas in a number of locations, and will make recommendations to management, which will then have the challenge of mainstreaming these developments.

■ Training and Development

In the workplace, team meetings are a standard practice across departments and project locations, typically involving all staff from project leader down.

At an individual level, there is a regular system of supervisory management of staff. This is augmented by training and development reviews and performance appraisals that are conducted with each employee.

Overall, there is a sense that more can be done by the organisation in enhancing information and communication practices between the different projects. Much of the challenge stems from the nature of the national project network, where it can sometimes be difficult to disseminate best practice developed in one location to other projects.

EU Information and Consultation Directive

Among the limited number of management and trade union representatives in the organisation who are aware at this early stage of the Information and Consultation Directive, there is a generally positive attitude. Briefings by IBEC and the Centre have proved useful as a starting point for considering the issues.

The focus is turning towards exploring the implications of the Directive for existing information and consultation arrangements with staff. There is an awareness that the existing arrangements will have to be altered somewhat to cater for the requirements of the Directive. There are no fixed ideas at this stage of the best way to do this.

Although questions remain outstanding regarding how the Directive can be best implemented the organisation recognises that the forthcoming legislative framework might provide an opportunity to build on the existing employee participation culture and engage employees in strategic organisational issues in a more effective way.

Clearly, one of the challenges for the organisation will be to devise an approach that operates effectively within the project management and regional management structures, but that also feeds effectively into strategic decision-making at a national level. The difficulty of maintaining effective communications across a widespread network of projects is an ongoing one, so the organisation expects that one benefit of the Directive should be to provide an opportunity to redesign communications systems more effectively.

There is a concurrent need to design information and communications systems that do not place excessive time demands on the staff and management at the service delivery end of the organisation, who already operate in a busy working environment.

Naturally, there will be an internal challenge for the organisation to deal effectively with any misgivings about the intent or impact of the Directive, both from management and from employees.

Some of the key interventions that will be undertaken by Barnardos in successfully developing and implementing a framework for information and consultation in the organisation will include:

- An information and education campaign for staff and management
- A training programme for staff and management. The type of supports that the organisation would find useful in developing its framework for information and consultation include:
 - Examples of good practice, particularly from comparable organisations
 - Appropriate training for management, if available
 - An opportunity to share information with organisations with a similar structure.

7.8 Vhi Case Study

Organisational profile

Vhi Healthcare is one of Ireland's most recognised household brands with an 84 per cent share of the Irish insurance market. Vhi offers a wide range of healthcare plans for acute medical cover to individual and corporate customers. The organisation has over 1.56 million members. This represents 41 per cent of the Irish population.

Vhi has been operating in Ireland since 1970. In the last five years the organisation has experienced considerable growth. Turnover has almost doubled reaching €688m in 2002, while staff numbers have increased by 270 during the same period (Table 7.8-1).

	2002	1997
Turnover	687.58m	351.17m
Staff numbers	729	459

Other key performance indicators include new members sales, retention of existing customers, employee satisfaction and the solvency cover ratio i.e. 30 per cent premium income held in reserves. During the last two to three years the organisation has performed very well. Growth has been significant. According to management this growth has been underpinned by:

- Strong customer loyalty and support
- A good brand that has been developed over a long time
- Good marketing
- Strong internal staff support
- Clear vision of the organisation's objectives that is widely shared.

Table 7.8-2 Breakdown of Vhi staff categories

Staff category	No.	%
Clerical	222	28
Supervisory	258	35
IT	83	11
Professional/ Technical Managers	97	15
People Managers	21	3
Other	26	4

Employee Relations

Vhi staff comprises six main categories. There is only one union, AMICUS MSF, representing approximately 80 per cent of all grades of staff. Management views its relationship with the union as good and that it has remained more or less the same for the last few years. The union representative views the working relationship with management as moderately good and says that the relationship has improved in the last few years.

Partnership arrangements in Vhi are formalised in the guise of its Partnership Forum. The Forum comprises elected representatives, the CEO, two HR representatives and the House Committee Union Chairperson. The trade union official is invited to all meetings of the Forum. These meetings are arranged on a monthly basis. Once per year the Forum meets for a full day with the CEO, and decides on actions for the coming year. Sometimes people representing different parts of the business are invited to this meeting as guests for the day e.g., the Financial Director. The Forum discusses all issues related to the organisation, excluding pay and industrial relations issues.

Management and employees view the partnership arrangements as beneficial and describe working relations within the Forum as very positive. According to the employee representative, the active involvement of the CEO has contributed to the success of the Partnership Forum, which provides a structure for facilitating horizontal and vertical communication within the company. The information that is shared through the Forum is also provided to Executive and Board members during

their meetings. This information provides employee representative forum members with a greater understanding of the strategic issues facing the organisation. However, it is felt by the union representative that difficulties arise when information is being disseminated throughout the organisation as a whole, particularly in relation to sharing information that might be of a sensitive nature. It is also the view of the employee representative that employees at local level need to become more involved in the partnership process, so that the Forum can achieve its full potential.

Information Sharing

Vhi management is acutely aware of the importance of regular and effective communications and provides employees with extensive information about the operation and performance of the organisation.

Direct Information Sharing – A wide range of communication techniques are utilised by Vhi to provide information directly to all employees, including a company handbook, newsletter, bulletins, notice boards, intranet and email. In response to employees' interest in what the public has to say about the organisation, all newspaper articles, transcripts or radio/TV interviews and comments are posted on the Internet site every day. Team, business unit and department meetings are also used across multiple sites to keep employees informed on matters related to the operation of the organisation.

Information is passed from the Executive through the general managers onto the employees. Following every meeting of the Vhi Board, the CEO briefs the general managers, who pass the information on to their teams, which generally meet every two weeks but more frequently when necessary.

According to management, information on product/service diversifications, new work practices, new technology, pay and conditions, health and safety and training is made available to employees at the early planning stage. Information regarding organisational strategy is communicated at the planning stage.

The view of the employee representative is somewhat different with regard to the stage at which employees receive information about changes. According to the employee representative, information in respect of product/service diversification, new work practices and health and safety is provided to employees at the planning stage while information in respect of organisational strategy is provided at implementation stage. The employee representative describes management's approach to information sharing with representatives as average, but acknowledges that there have been some improvements.

Management is concerned that while a lot of resources are invested in communicating directly with employees, some employees still say that the organisation is not doing enough. At the time of writing Vhi was planning to initiate a review of all communication processes. The purpose of the review is to identify the strengths and weaknesses of the various channels of communication and strengthen those that do not work so well.

Indirect Information Sharing – Information is provided to employee representatives during the regular monthly meeting of the House Committee. According to the employee representative this is the only official regular communication where information is disclosed to employee representatives. According to management there is very little difference in the direct and indirect practices for informing employees. There is no conscious consideration of whether or not the individual or groups being communicated with are representatives. Consequently information is shared very openly. It is possible for some individuals to receive the same information more than once depending on their degree of involvement in different groups. For example, an individual could at the same time be a member of a team in their department, a project group and the representative Forum.

Consultation

Vhi utilises a range of employee consultation practices including attitude surveys, suggestion schemes, performance reviews, training and development reviews, and 360-degree appraisal. According to management very few decisions are taken in isolation. Almost every significant issue within the organisation is addressed by a group of some sort. Temporary work groups, where three or four people get together to consult about an issue and ideally resolve it by consensus, are used all the time. Vhi also uses more permanent employee groups. For example, when the results of a recent Vhi Corporate Customer Survey were received teams were established to examine the results, identify areas for improvement and to implement action plans. Vhi also has a number of process teams who assess different elements of the European Business Excellence model, which is currently being implemented by the organisation.

Vhi management and employee representatives are consulted via the organisation's IR Forum and Partnership Forum. Both committees discuss a wide range of issues relating to company strategy, organisational performance and financial position, competitiveness issues, pay and conditions, and health and safety.

The Vhi also utilises other committees to consult with the organisation's customers. For example, the Membership Advisory Committee involves corporate company representatives, while the Medical Advisors Committee involves medical consultant representatives.

The benefits of Information and Consultation

It is evident from the above that Vhi utilises a wide range of structures and process in order to inform and consult with employees and their representatives. It is management's view that the practice of informing and consulting with employees has contributed to improvements in company competitiveness, organisational performance, employee commitment and acceptance of change, problem-solving and industrial relations. The employee representative believes that the organisation's information and consultation practices have raised employees' awareness of what the organisation needs to do to be competitive, and have helped them feel part of the process of maintaining competitiveness.

In general, the impetus for developing existing information and consultation practices is very high among managers, employees and employee representatives alike.

Example 7.8-a Design and implementation of *Emvolve* – an online performance management system used by telephone agents

Vhi Healthcare Contact Centre Kilkenny

Vhi Healthcare established its first LoCall 1850 customer query line in its Dublin Head Office in 1995. In 1999 the service was moved to Sandyford Industrial Park and in June 2000 the Vhi Healthcare Contact Centre was established in Kilkenny. There are approximately one hundred and twenty telephone agents employed in the contact centre.

Performance Management System

Performance management has been very central to the day-to-day operations and work of the telephone agents. The system that was in place until May 2002 involved team leaders preparing reports for each individual telephone agent. A telephone agent could receive up to ten daily reports that provided only statistical information and did not provide insights into how to improve or change anything. Team leaders spent most of their time preparing and issuing these reports. They then had to sit with each agent and go through the figures. So much of their time was taken up with managing these reports they had very little time to spend with agents in a supporting or coaching role or if they had a problem or query on any of the calls.

Employee Involvement in the design of an online performance management system

The team leaders were unhappy with the performance management system and approached management with a proposal to introduce an online performance management system. A team comprising team leaders, telephone agents and operations managers was established to explore what systems were available. The team identified a product, which provided a framework that could be adapted and modified to suit the specific needs of the organisation.

The new system had to be modified to accommodate all the reporting systems in use at the time, and to include additional reports. Employees from operations, team leaders, and advisors met on a regular basis to identify exactly what they needed from the new system. All employees were kept informed of developments through a series of discussion and exploratory workshops and email updates.

A small task group representing all potential users of the new programme was established to work

directly with the system supplier. Members of the group were also responsible for keeping their team members up-to-date and ensuring that their suggestions were brought to and considered by the working group.

The consultation workshops continued during the implementation phase. Every detail of the programme was discussed, from performance targets to the colour and style of the programme, from language and terminology to the type of smiles and colours that are used for the performance assessment icons.

Everybody's views and opinions were sought at each step of the process. Before final implementation a presentation of the system was made to each team so that everybody had an opportunity to see what had been developed before it was up and running.

General benefits

- Emvolve Performance Manager can be accessed directly by each telephone agent
- Detailed information is available on the daily performance of each telephone agent against each of their objectives
- Key Performance Indicators (KPIs) are also displayed to provide information on the overall performance of the contact centre in relation to high-level metrics such as Service Level and Calls Offered
- This information is available daily, weekly, monthly, quarterly, half-yearly and yearly
- Emvolve is also used to collate and analyse data in order to automate staff performance reviews, making them both objective and fair.

Benefits for team leaders

- Reduction in administration time in creating, generating and evaluating reports
- Easy identification of where advisors need coaching and assistance.

Benefits for telephone agents

- Control and ownership of their own performance
- Objective and timely feedback on exactly how telephone advisors are doing
- The right targets for the individual.

7.9 Dell Computers Ireland – Sales and Support Divisions

Organisational profile

As Ireland's largest exporter and revenue generating technology company, Dell is considered one of the leading lights in the multinational technology sector that has been so important in the successful development of the Irish economy. A robust and competitive performer, Dell has demonstrated its competitive ability in a sector that over the last five years has been fraught with uncertainties. Globally, the final quarter of 2003 represented what the company called its 'best operating period ever', with a 24 per cent profit increase to \$749m. Over the same period, the company achieved record product shipments, revenue, operating and net income, and earnings per share. In the Europe, Middle East and Africa (EMEA) region, into which Dell's Limerick manufacturing operation provides computer products, Dell reached \$8.5 billion in full-year revenue, 23 per cent more than in fiscal 2003.

Dell first established itself in Ireland in 1990, when it set up its European manufacturing base in Limerick, which currently employs around 3,000 people. Two years later, it set up a call centre in Bray, Co Wicklow, which subsequently expanded to encompass another site close by at Cherrywood, Co Dublin. Both sites collectively employ approximately 1,300 staff. The operation provides marketing, sales and support primarily to customers in the UK and Ireland.

The company prides itself on running a highly productive manufacturing operation in Limerick, which is its most cost-efficient facility worldwide. Over the years, the Irish operation has evolved to feature a wide range of advanced services including:

- EMEA Applications Solution Centre, Limerick. A "proof of concept" laboratory where corporate customers from across EMEA can simulate complex networked applications on Dell server and storage equipment in advance of purchase.
- EMEA Expert Centre, Cherrywood. This group of multi-lingual system consultants provides high-level Enterprise support for complex data centres, clustered, large storage and rack dense enterprise environments.
- EMEA Marketing. Bray is home to the majority of the centralised EMEA marketing team who are responsible for online development, pricing, product marketing, business analysis and the creation, design and production of EMEA-wide advertising and direct mail campaigns.

The focus for this case study is on Dell's Sales and Technical Support divisions, based in Bray, Co. Wicklow and Cherrywood, Co Dublin.

Organisational structure

The senior management team in Ireland reports to the European headquarters, located in Bracknell, England.

Within its Sales and Support divisions, Dell's organisational structure is quite typical of the technology sector – each division has a senior manager, who oversees the work of the division with a group of team leaders, who each have responsibility for a group of employees.

The workforce is dominated by Sales and Marketing staff but also includes a significant Technical Support staff, as well as personnel working in Finance, Business Operations, IT and Human Resources divisions. The workforce in Dell is non-unionised.

Organisational challenges

In a competitive environment, Dell continues to be a world leader in what it does. It gives much of the credit for its performance to the core ethos of the company, namely the direct model (no resellers or middle men), the focus on adapting the latest technology and tight control of its cost base. In Ireland, the widespread use of business process improvement methodology over recent years has led to remarkable efficiencies being achieved in the manufacturing side of the business, which continues to be extended to the sales and support areas.

Dell's foremost challenge is to remain strategically and organisationally responsive to market conditions. It has widened its portfolio from a PC company to an IT company with expansion into new areas, including servers, storage, printers, PDAs, TVs, leasing, warranty sales and other services. These strategic decisions have implications for all staff many of whom are required to upgrade their skills set to meet the support needs of new technologies.

The ability of staff in Ireland to adapt to changing circumstances and the need to move up the value chain into higher-end sales, marketing and technical support functions, is critical to the success of the Dell Sales and Marketing operation in Ireland. The focus on higher value-add activities taking place in Dell Ireland has already been evident in recent years with the setting up of a European Enterprise Expert Centre which now includes 156 people and offers advanced support in 23 languages, gold service client technical support for UK/Ireland customers and the centralised European Marketing Communications studio in Bray which produces all advertising and direct mail collateral for the European market.

Meeting the Competitive Challenges

As illustrated, Dell has enjoyed impressive success in meeting its competitive challenges. Employees share in the success of the company through incentive bonus schemes, which are based on a combination of company and individual performance.

Dell markets its products with the promise of the 'Dell Advantage', which refers to a company that is easy to deal with, easy to trust, and where the customer's needs are paramount, so that each customer essentially has a customised PC built according to their specifications. In this climate, excellence in Customer Service, from point of initial contact through product delivery and on to after-sales support, is one of the keys to high performance.

Dell promotes and values continuous learning and has driven Business Process Improvements (BPI) into all elements of its operations in Ireland. The approach has been to educate employees to think from the customer perspective and to use a methodology and toolset to improve everything they do. Lean Thinking and BPI have enabled Dell in Ireland to contribute to Dell's competitive advantage in EMEA.

Cross functional teams look at end-to-end repeatable processes with a view to improving the customer experience, eliminating waste, reducing cost, increasing efficiencies and removing low or non value-added activities from employees. While the programme has the support and involvement of senior management, the involvement of employees on the ground who use the process on a daily basis is fundamental to the success of the programme. Through BPI and Lean, all Dell employees have the power to fundamentally change their day-to-day work processes. This results in a high degree of flexibility coupled with a team-based approach to problem solving, giving the company the capacity to respond effectively to new challenges.

Information and Consultation

In the context of a non-unionised, multi-site and multi-national organisation, excellent two-way communications between management and staff are seen as crucial. The company has a comprehensive approach to information and consultation, and employs a range of approaches to keeping the workforce informed of both operational and strategic issues, and involving them in the ongoing competitive challenge.

The company provides briefings to employees at team, business unit, departmental and site-wide levels. A wide range of media is used to communicate with employees, including the company handbook, a monthly company printed newsletter, a weekly email bulletin, end of quarter messages from senior executives, the corporate intranet, and regular face-to-face briefings.

At a strategic level, decisions are typically made through a managerial process, and employees are typically engaged and consulted on the effective implementation of the plans. There is also a growing use of systematic employee surveys, the data from which is used at management level for planning purposes.

At the business team level, management is primarily informed through ongoing engagement with employees. The company holds regular employee forums, where problem solving on issues such as resource deployment, scheduling, etc. is carried out. Team working is routine, and the line of communication runs from employees through team/project leaders up to the divisional management. The Business Process Improvement methodology, which requires a detailed business plan to be outlined before each six-sigma project is instigated, also serves to effectively inform management of innovative ideas and competitive issues.

Dell has numerous feedback mechanisms for employees to air views and influence local based decisions. At the individual employee level, managers hold regularly scheduled one-to-one meetings with employees, which provide opportunity for two-way feedback and consultation. Performance reviews, incorporating training and development reviews, are conducted for all employees, with 360-degree reviews carried out for certain levels of employee.

One practice at Dell is referred to as the 'Brown Bag Lunch' approach. Whenever a senior manager from the US or European HQ visits the facilities in Bray or Cherrywood, a number of employees, chosen at random, are invited to a working lunch with that visitor, during which they have the opportunity to ask questions and air their views on issues. This practice is also conducted locally by senior managers and HR representatives, which ensures that a large number of employees have the opportunity to air their views and suggestions to management.

In summary, Dell operates in a very fast moving environment. To remain competitive, it needs to have the ability to respond very quickly to market dynamics and to changing customer requirements. The robust information and consultation processes in place at Dell reflect that business reality.

EU Information and Consultation Directive

Challenges in implementing the Directive

As a non-unionised company that has developed a best-practice approach to management – employee relations, Dell – while welcoming the objectives of the directive- is nonetheless anxious not to jeopardise the current effective arrangements and relationships it has in the workplace. The company will seek to devise a system that enhances rather than detracts from the current workplace relations climate.

In terms of implementing the Directive, two key elements of the company's response will be information and training for both management and staff. Examining what other companies have done in relation to responding to the directive will give Dell useful indicators in developing an appropriate and effective system in an Irish context.

7.10 Galway Mayo Institute of Technology

Organisational profile

Galway Mayo Institute of Technology is a multi-campus regional educational institution. It now caters for almost 9,000 students, both full-time and part-time. It is highly regarded both for the standard of its courses and its innovative pattern of regional expansion.

The Institute first opened in 1972 and has grown considerably. Table 7.10-1 shows that the last five years have seen growth continue. Turnover has almost doubled reaching just over €40m in 2002. Staff numbers in same period have increased by 159 and full time students have increased by almost 1,000.

	2002	1997
Turnover	€40m	€22.2
Staff numbers (whole time equivalents)	598	439
Student numbers	4929	4069

The key performance indicators for GMIT include the number of registered students, retention rates and number of graduates and post-graduates. Over the last five years, the college has consistently improved its performance on nearly all of these indicators.

Management argue that this performance is underpinned by ongoing initiatives and the efforts of staff. For example, increased importance is now attached by staff to mentoring and to the quality of the learning environment. There is a belief that staff members are more aware now of the problems that can arise for students and this is helping.

The Institute is facing a difficult period. However, improvement in this tighter fiscal climate is seen as achievable. The emphasis is and will continue to be on effective resource utilisation and the continuous search for value for money.

Table 7.10-2 Breakdown of GMIT Staff categories in 2002

Staff category	% of staff
Academic	58
Support	25
Administrative	17

Employee Relations

There are three main staff categories at GMIT (Table 7.10-2). Relationships between management and the unions — TUI, SIPTU and IMPACT — are reasonably good. There is a feeling on the management side that a good working relationship exists and that in the last 5 years this has improved considerably. For the most part union representatives feel that relationships are reasonable to good and improving.

Formal partnership at GMIT is now in its second year. The partnership committee works with a full-time facilitator. Management feel that it may be too early to judge the real benefits of partnership but are open to its development. What is clear is that partnership is now becoming more involved in day-to-day business activities of GMIT. Members of the partnership committee are now working on the development of a new strategy for the Institute.

Staff support for partnership is good, and improving, though some suspicion remains. Feedback from the staff generally suggests openness to partnership, and they welcome the fact that partnership gives them a better overall view of the organisation.

Information Sharing

In general GMIT does provide employees with extensive information about operational issues, its strategic objectives and levels of performance. This is provided through a range of techniques, using both direct and indirect channels.

Direct Information Sharing – Information is provided directly to the whole institution and to individual schools, departments and groups of staff. A range of techniques are used, including newsletters, circulars, email, web pages, intranet, notice boards, annual report and a staff handbook. There is also one staff meeting per term and one at the start of each academic year.

On the management side it is felt that information is made available at a very early stage in relation to all the key issues, such as new courses, work practices and changing employment numbers.

There is recognition that the information may be lost in the various channels and that it is not always filtering out to the coalface. Staff also expressed a similar concern noting that information is getting lost in the ‘chain of command’.

Communication is seen as something that GMIT must continue to work at. Management is working to improve the targeting of information and the frequency with which people receive it. However, it was also argued that staff might have to take more initiative to examine information.

Example 7.10-a Achieving change at GMIT: The MIS Project 2003

The new MIS system has a number of discrete modules, including Finance, Library, HR, Payroll and Academic Affairs. In HR and Payroll the project in effect amounted to a merging of two departments. This was achieved without significant problems, and both management and staff are extremely pleased with the outcomes. For management, it provided a much more efficient system that facilitated more effective planning around issues such as staffing hours, overtime and staffing levels. Similarly, staff in HR and Payroll argued that they are much happier working with the new system, which eliminates many of the more mundane tasks associated with the job. They can see the benefits for their internal customers and are proud to be able to provide a better service. The new system also reduces the need for involuntary overtime, which staff indicated was a positive feature of the system.

Interviews with the staff involved in the project teams suggested that they are very happy about being involved in this type of project. The project was run on a team basis, with team members meeting at least once a week. They also consulted with colleagues and spent time explaining changes. There was a real sense of ownership in this project. Team members understood the need for this new system — in the words of one employee ‘we knew we had to improve’. The outcomes were seen as mutually beneficial.

In particular, the benefits of staff involvement were seen as the project moved towards the implementation stage. For example, team members reported that there were no significant problems when the Payroll/ HR module and the Library module were rolled out. According to team members, the key to this was in how people were handled during the project. Colleagues were brought along with the project; they understood the magnitude of the project, the types of changes required and why the new system was being implemented.

It is easy to underestimate the role of information and consultation. It is often the case that those responsible can find their focus drawn more to deadlines and technical attributes than the people element. The MIS system for Academic Affairs at GMIT is an interesting example in this context. GMIT was one of the first colleges in Ireland to move to a new ‘Banner system’ to manage academic affairs. This means that key aspects of its core business such as student registration, course scheduling and examinations would operate in a fully integrated and computerised system.

This constituted an enormous step change for the college. It directly impacted on staff in examinations, registration and on all of the lecturing staff. The old system was cumbersome but it was also tried and tested. People were comfortable with the old system. The change programme was

Indirect Information Sharing – Information is provided to employee representatives from each of the unions at regularly scheduled monthly meetings. On the staff side there is some concern that these meetings need to be taken more seriously; that they do not happen often enough, and are not well supported. Management believe that these meetings complement the information provided directly to employees. There are some issues, such as pay and conditions, which management believe are more effectively dealt with by communicating through employee representatives.

Consultation

Consultation in a formal sense is less well developed at GMIT. However, consultation and staff involvement through teams and working groups is an increasing feature of how work is carried out at GMIT. The boxed inset provides an example of the ongoing effort to involve staff in decision-making (7.10-a). As a case study of the change process it provides valuable lessons about the role of information and consultation at GMIT.

also touching on very sensitive issues for staff: the calculation of grades, the reporting of exams, and the tracking of student performance, student choices and the scheduling of courses. The consequence of a mistake were seen as very serious — a student getting a wrong result — and staff took responsibility in the old system for avoiding these types of mistakes. Staff, many of whom felt they didn't fully understand the new system, were concerned that they might find it difficult to provide the same level of service.

This nervousness was in a sense reinforced as the new system was implemented. Problems arose during the early stages. There were missing entries, coding problems and duplication. Codes seemed illogical and cumbersome to staff and therefore it created extra work for exam and registration staff. Lecturing staff were very unhappy, feeling that the new system was forced upon them, that it was very expensive, unnecessary and most importantly, that it was not working well. Training had occurred but most felt it was too compact and not close enough to the roll out of the new system. Further, a pilot trial of the new system did not lead to any significant changes. Even, during implementation staff felt that it was difficult to get the outside programmers to respond to their suggestions.

It is clear that a more open and consultative approach might have alleviated many of the tensions. Staff felt little ownership for the project; they felt that their views had not been taken on board early enough. There was a palpable sense that staff wanted to be involved in this project. There was also a sense that many of their views would have improved the project considerably. Management also recognised the benefits in gaining staff input and creating a momentum behind the new project. However, the difficulty seen was the time it would take and the project was operating to very tight deadline. The project team had broad representation but due to time constraints it had not managed to engage fully with the wider staff.

The lessons from the other areas of this MIS project at GMIT are that better communication is not necessarily more time consuming. There is a sense that communication was given lower priority in the Academic Affairs Project and that this created problems in the long term. This is now recognised and efforts are increasing to involve staff, for example, 3 staff members from each department were invited to a meeting with the software developers, meetings are being documented and information circulated.

There was willingness at GMIT to discuss both successful and more difficult change processes. This reflects an awareness that consultation, and partnership more generally, is seen as a work in progress. There are successes but there is also room for improvement.

There are also a number of temporary working groups or committees examining issues like efficiency, library cataloguing, training, building projects and working conditions. Staff are also involved directly in strategic projects. The partnership committee plays an active role in all 11 aspects of the new strategy review. This means that staff, via the partnership process, are involved directly in key areas of strategic review such as modularisation.

There were some concerns among staff that committees need to become more effective; that they need greater management support if a culture of team working is really to take hold at GMIT.

There is no consultative forum other than the regular monthly meetings with employee representatives.

The benefits of Information and Consultation

There is broad recognition among management and other employees that information and consultation is something that can be improved. To illustrate, a critical issue at GMIT has been how changes in staffing levels have been handled. In particular, staff expressed considerable anxiety at the manner in which some recent changes were communicated to employees and in particular to those affected. Management believed that staff had been made aware of the general difficulties facing GMIT. Staff perceived that their had been a failure to translate this into specific implications for individual staff at the right time.

It is always difficult to communicate bad news. However, the sense that bad news presented badly will create mis-trust and feelings of detachment among the staff is clear. During recent staff redundancies the lack of consultation and staff involvement certainly made what was a bad situation much worse. Involving employees in projects and decision-making is helping to improve relationships.

Benefits have been delivered. These include easier implementation, smoother change, more and better ideas, cost savings and better use of people's time. Both management and staff recognise the promise of working in partnership and the power of information and consultation. The challenge is to continue to make this philosophy an integral part of how day-to-day business is carried out at GMIT.

EU Information and Consultation Directive

In general, the level of awareness of the new Directive is low both among management and other staff. However, there is a general openness towards the new Directive. There are some concerns that it should not result in communication overload. It must facilitate and support management and employees. It was also noted, by management, that negotiation should be seen as a separate activity.

The need for people to work pro-actively at communication is something advocated by both management and employees. In a sense, the key will be to work at improving the culture around information and consultation. Staff argued that simplified guidelines about the Directive would be necessary. This should 'show just how far staff can go, and what they have a right to ask for' under the terms of the new Directive.

7.11 ESB

Organisational profile

When the State was founded in 1922 it was clear that to progress industrially it would have to develop and use its natural resources. An Irish engineer, Dr. Thomas A. McLoughlin, submitted proposals for damming the River Shannon and building an electric power station at Ardnacrusha, a few miles from Limerick, which would bring power to cities and towns.

The concept was bold and his initiative was rewarded when the German engineering company, Siemens-Schuckertwerke of Berlin was authorised by the Government to prepare a detailed scheme to be submitted to a group of international experts. With minor modifications the Shannon scheme was approved in a report published in the spring of 1925.

By August of that year the Shannon Electricity Act had been passed by the Oireachtas and a contract signed with Siemens-Schuckert organisation for the work, which was started in September.

Today, the ESB, whose main activity is the generation, distribution and transmission of electricity, is located in one hundred and fifty sites of varying sizes around the country. The ESB corporate head office is located in Fitzwilliam Street, Dublin. Some of the key performance indicators for ESB include the generation of capacity to meet peak demand, the number of kilometres of network which have been re-built, return on capital invested, and the number of new connections.

The last number of years has seen dramatic change at the company. Over the last five years, the company's turnover has more than doubled, while at the same time its employee numbers have been reduced by over 20%.

	2002	1997
Turnover/ Operating budget	€2.15 billion	€1 billion
People employed	8,750 approx	11,500 approx

The company has performed very well during the last three years. This performance has been underpinned by the key performance indicators outlined above. The impact of legislation, which facilitated the opening of the market, improved levels of productivity, while decreased staff numbers also contributed to the company's improved performance during the last few years.

Table 7.11-2 ESB staff type/grade of job

Type/Grade of Job	Numbers Employed	%
Network Technicians	2,600	30
Clerical Admin.	2,020	23
Engineers	800	9
Fitters	180	2
Dayworkers	300	3
Technical Supervisors	620	7
Shift Staff	330	4
Other	1900	22

The medium-term outlook for the sector and for ESB is described as good. According to management the factors that underpin high performance in the ESB include good relationships with staff and trade unions, good reward structures, open communication and involvement, and the establishment of the ESOP. Good relationships with staff and trade unions are very important to ESB management today because in the past while ESB employees had high rewards, relationships were very poor and very often led to industrial action.

Employee Relations

Approximately 95 per cent of employees in the ESB are members of one of the following unions:

ATGWU; TEEU; ESBOA; AMICUS; SIPTU and AEEU.

ESB has agreed IR procedures but in general management and trade unions tend to do their business through a partnership arrangement and only use the agreed IR procedures when relationships break down. ESB also has an Industrial Council, which is part of the agreed IR procedures. However, very few cases go before the council these

days unlike ten years ago or so when the council was over-run with cases. The first major shift away from adversarial relationships was in 1996 when the first partnership arrangement was implemented. A Review of Relationships in ESB preceded this in 1992, which was later to become the bedrock upon which relationships in the ESB were built.

Management and the trade union representative describe their working relationship as excellent and state that the relationship has improved significantly during the last three to five years. External factors such as the advent of competition and regulation provided the catalyst for management and unions alike to improve relationships. A partnership approach has provided a strong basis for these positive relationships. A deliberate decision by the CEO to develop an open communications policy, providing trade union principals with information about the future of the company usually only given to senior management, has contributed to the improved relationship. In addition, the trade unions were centrally involved in the development of the organisation's future strategy alongside government, the civil service and ESB management. During this time the government wanted to pursue a strategy that would have seen the ESB being divided into separate companies. A tripartite agreement involving the trade unions provided a future vision for the company that would involve it remaining as a vertically integrated utility. The structure of ESB today is a product of this agreement.

Formalised partnership arrangements

ESB and the ESB group of unions have formalised partnership structures that are characterised by a strong relationship between the Executive Director Team (EDT) and a group of union officers (GoUs) 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 dedicated resources supporting and driving partnership through corporate level and local level partnership groups. These partnership arrangements have contributed to the development of an organisation culture where problems are solved by people on both sides going out of their way to find a solution to a problem. The climate of positive relationships and stable IR (the last strike in ESB was in 1991) has enabled the company to get on with its business. Stable management and union relationships have been a positive factor in attracting foreign industry to Ireland and have also facilitated ESB to successfully meet the challenge 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. According to management, this does not mean that negotiations are easier; in most cases they are more difficult because issues are negotiated to finality whereas the IR process allows negotiations to go halfway and then move on to the next stage.

Information Sharing

ESB provides employees with a range of information about the organisation's strategic objectives, organisational performance and competitive position through both direct and indirect communication channels.

Management and trade union representatives recognise that there is no one-way of getting the message to everybody in the system, so a multiplicity of communication approaches including union

communication channels are used. The benefit of this approach ensures that the attention of as many people as possible is captured. These different approaches complement each other and get as broad a level of awareness as possible on the issues.

A wide range of methods is used to inform employees directly – a company handbook, memos, newsletters, bulletins, intranet, email and notice boards. Management also uses Skip Level Briefings where individuals brief levels below them. There is also a Management Visibility Programme where the CEO, Directors and senior managers each have an annual target to visit a certain number of ESB sites throughout the company. In addition, managers also receive a weekly email from Head Office outlining major issues. Information that is deemed to be important to everybody is then put on the notice board at the request of the managers.

Information is normally given to employee representatives at Corporate level in two ways – informal conversations between managers, directors, union officials and formal presentations at the monthly EDT/GoU meetings. At local level it varies between

partnership groups, individual shop stewards, shop steward committees and normal ongoing briefings and communications. At the time of writing ESB management and trade unions are concerned with trying to improve communications between corporate ESB and the partnership groups at local level.

In general ESB uses the same communication approaches for the majority of issues. However, communications on strategic issues are confined to a smaller group.

Consultation

ESB uses an array of methods for direct consultation with employees e.g. suggestion schemes, performance reviews, training and development reviews. Three hundred and sixty degree appraisals are also used but are limited to certain sections of management. Staff surveys are used extensively in ESB. For example, in the Networks side of the business, which employs just over four thousand employees, one thousand employees complete an in-depth survey every eighteen months. In addition, 170 staff members complete a mini-survey every three months. The mini-survey tests trends and indicators so that they are identified long before something becomes a problem.

Example 7.11-a Information and Consultation and a change initiative in ESB

The strategy that brought about the PACT agreement in ESB is a good example where a major change programme, involving staff reductions and changes to organisation structure, was implemented in many parts of the company in a very short time.

The speed at which the agreement, which also included a pay element, was implemented is in complete contrast to past experience of implementing change initiatives in ESB.

A massive communications strategy was at the core of the success of the initiative. Communications were seen as critical and emphasised from the outset of the initiative right through to the end. When the project was coming to the stage

where employees were to be balloted on the overall deal and approach the ESB trade unions and management worked together to have a co-ordinated approach to communications. Union representatives visited sites that were later followed-up by ESB management representatives. This was the first comprehensive jointly co-ordinated programme driven by ESB senior management and trade union representatives. All sorts of communication channels for informing and consulting were used. At the end of the process there were seventy-five separate arrangements for different categories of staff.

The PACT agreement represented a total step change in approach in terms of the ESB informing, consulting and involving employees.

The use of short-term and long-term involvement groups at both strategic and operational level is very common throughout ESB. For example the Corporate Safety involvement group drives out the corporate safety policy at the highest level for the whole company. The Local Safety involvement groups formulate the local safety plans that influence the work of everybody in the location, including the manager. These groups have contributed to improved levels of safety, reduced accident rates and improved work practices.

Benefits of Information and Consultation

Management and the trade union representative agree that good information and consultation practices in ESB have brought about improvements in company competitiveness, organisation performance, employee commitment, acceptance of change, problem solving and the industrial relations environment.

EU Information and Consultation Directive

ESB management and the union representative are happy in general with the thrust of the Directive, in that it embodies the direction in which the organisation wants to go. However, there is a concern in relation to how 'consultation' will be defined and the relationship between this definition of consultation and IR procedures. ESB management is very clear that IR procedures are only used when relationships break down. Some people have a perception that negotiations can only happen in the IR arena but the experience in ESB demonstrates that negotiations can be successful under partnership. Management is concerned that consultation, negotiations and IR procedures will become confused.

Management's general awareness of the details of the Directive is low because they assume that ESB's current information and communication practices more than meet the requirements of the Directive.

The challenges connected with the implementation of the Directive will be addressed through the partnership process. These challenges will require top-level support to put in place arrangements that will contribute to the ongoing development of a partnership culture. The organisation is building a network of managers with responsibility for the development of a partnership culture throughout the organisation.

7.12 Multis

Organisational profile

Multis is an indigenous Irish company specialising in re-manufacturing, re-marketing, reclaiming and disposing of out-dated computing equipment. Multis was established in 1995 and has a manufacturing facility in Ireland and in Holland.

The company has grown considerably since 1994 and now employs 80 people with 62 of these working in the Galway plant. The company has grown very strongly over the last five years (Table 7.12-1) and its partners now include HP-Compaq and Sun Systems.

Table 7.12-1 Multis — Selected growth indicators

	2002
Turnover	€60m
Staff	80

Performance, customer satisfaction and growth at Multis depend upon staff capabilities. This is a sophisticated computer design business in which staff are required to re-engineer old computer systems. It requires high levels of technical competence but also flexibility and creativity.

Multis is facing into an exciting period where further growth is envisaged. The ability to retain the current culture of staff involvement, participation and innovation as the organisation grows is seen as its key challenge.

Employee Relations and Involvement

The majority of staff are highly qualified and experienced technicians. Staff are the critical resource. Informing and consulting with staff is seen as the way business is done. This is a business model which management believe could not work without pro-active staff.

Employees participate in an innovative share incentive scheme designed to reward and motivate employees. Multis is a private company but it has designed a share-based scheme to enable employees to own 10 per cent of the share capital. It is a revenue-approved scheme. This means that employees can gain tax benefits from bonuses earned.

Multis is a non-unionised company, and there are no formal partnership or representative structures. However, this is a small organisation with an open door policy and a genuine commitment to employee involvement. The key for management is that dialogue, involvement and consultation with employees be part of a flexible and constructive process. While at present the company does not see any need to develop formal representative structures, either through union or non-union channels, this prospect is not ruled out entirely. As the organisation grows, management sees it as something that will have to be considered for logistical reasons at the very least.

Information Sharing

Multis operates in a very transparent manner with its employees. Management believe in the benefits of open information sharing, a fact readily acknowledged by employees. Information is provided directly to staff using a number of techniques, including e-mail, notice boards and quarterly reports.

The quarterly report is important at Multis and provides a foundation for ongoing consultation. The report is produced and circulated to all members of staff. The managing director, financial director, sales director and other senior managers give presentations. These are detailed presentations covering issues such as performance, sales, customer relations and development opportunities. There is also time at this meeting for questions and input from staff. However, it is recognised that such a large forum can be intimidating.

There is some information withheld in relation to company financials, but even this information is available if required. Management feel that it is prudent not to be overly public about some aspects of financial performance. Employees indicated that they receive sufficient information and as such the idea of keeping some information confidential does not raise problems at Multis.

Twice per year every member of staff is invited to a breakfast meeting. About 7 or 8 staff attend at a time and members of the senior management team give fairly informal presentations. This is seen as a much more appropriate forum for employee input and involvement. Both management and employees feel that these meetings work well.

Consultation

The breakfast meetings are an excellent opportunity for consultation. However, consultation is also part of the fabric of how work is organised at Multis. Team-based working, off-line projects, ad hoc 'continuous improvement meetings' are all part of how workers are asked for their views.

In a range of off-line or special projects, employees take responsibility and lead projects. Many of these projects, such as the Waste Management Team, have led to considerable savings for the company.

The switch to a new customer, Sun Systems, in 2002 had major implications for technical staff as well as for staff in administration and logistics. Consultation about changes occurred at a very early stage. This was necessary in order to identify the challenges for Multis. Without consultation it was felt unlikely that Multis could have successfully changed so much of its business focus to its newest customer in such a short a space of time. Within six months of it becoming a customer, Sun Systems accounted for 50 per cent of Multis business.

There is also an informal and social culture at Multis which facilitates information sharing and consultation. Management operate an open door policy. There is no sense that good ideas are the preserve of any individual or group of people. On the issue of involvement, management believe the only questions worth asking are ones of how and when.

There are two nights out per year and these are organised by the employees. There is also an active golf society. These provide other opportunities for views to be aired and discussed.

Benefits of Information and Consultation

Consultation is seen as something which 'works both ways'. The company gains in terms of flexibility and responsiveness. Employees gain because they are aware of changes, they feel involved and they are less nervous about change.

The company expects to grow considerably over the next 1–2 years. Information and consultation is central to the current culture. The ability to maintain this culture while formalising many of the information and consultation practices required by the Directive is a challenge identified by management.

EU Information and Consultation Directive

The new Information and Consultation Directive will be the responsibility of the HR manager and the Financial Director. The current level of awareness is good among these two individuals. The Directive has also been discussed at Board level.

7.13 Nortel Networks

Organisational profile

Nortel Networks is a Canadian telecommunications multinational corporation that employs approximately 36,000 people in just over 150 countries. Nortel's core business activity centres on the development and provision of technologically advanced network solutions/services – wireless networks, enterprise networks, optical networks and wireline networks – to both dedicated service providers and also a diverse range of public and private sector organisations. Nortel has been operating in Ireland for some thirty years and in addition to its main facility located in Galway, it has a smaller sales office based in Dublin. The Galway site is a designated Global Development Centre within the MNC structure, though it has only limited autonomy in relation to the headquarters, which is based in Ottawa.

The recent history of the company has been marked by considerable turbulence due to the crisis in the global telecom sector. This global downturn was the catalyst for a dramatic fall in the company's revenue, which declined from US \$15.49 billion in 1997 to US \$10.56 billion in 2002. The company responded to this crisis by instigating an unprecedented restructuring process which resulted in the shedding of some 10,000 jobs in Europe alone. As part of this process, the manufacturing division at Galway was closed with the result that there are now only 300 employees at this site compared to 850 in 1997. As a result of this restructuring activity at the Galway site operations are now focused on research and development and other auxiliary

support services. This shift to 'higher-value' added activities is clearly reflected in the current occupational structure (see Table 7.13-1)

Although the loss of the manufacturing division was a major blow for the Irish operation, the strength of its R&D capability was critical in ensuring that just over 300 jobs were retained at this location. Within this context key performance indicators for the Galway plant are centred on product revenues, product quality, operational costs and customer loyalty. Going forward, the company faces the twin challenges of 'containing costs' and stimulating innovation and organisational learning.

Employee Relations

Up until 2002, SIPTU represented the majority of employees within the manufacturing division of the company, however they had no organisational presence amongst other categories of employee, i.e. engineers, other professionals and administrators. The closure of manufacturing means that there is now no official union recognised at Nortel. Although a 'non-union' employment relations model correlates strongly with the ethos of the parent company it would be wrong to perceive Nortel as strongly 'anti-union' as it has not only recognised unions in Ireland in the past but also continues to do so in other European states (see Table 7.13-2).

Informing and Consulting

Direct Information Sharing – Nortel uses a wide range of techniques for providing information directly to employees including newsletters, bulletins, email, GIS, webcasts and intranet. The technological focus of the company and its workforce clearly facilitates the extensive usage of ICT in exchanging high levels of information directly to employees. The company also utilises face-to-face employee briefings and staff meetings at the level of functional teams, individual business units, departmental and site-wide. Through these various mechanisms employees receive information about organisational strategic objectives, current performance, product development and the general competitive position of the company. The HR manager considered that in general employees displayed a high level of awareness about strategic

Table 7.13-1 Nortel Networks – Occupational structure (2003)

Category	Number
Engineering	200
Other professional	60
Management	30
Administration	10
Total	300

Table 7.13-2 National representative structures within Nortel by country

Country	Existing indirect representative structures
Ireland	No existing structures
United Kingdom	South East – no structures
	Monkstown (N.Ireland) single union arrangement
Germany	Enterprise level Works Councils
Spain	Enterprise level Works Councils
Italy	No works council but system of elected union representatives in place
Netherlands	Enterprise level BV Workers Council
France	Works Council (Comité D'Enterprise)

issues and company performance. This high level of awareness is indicative of the traditional emphasis that the parent company has placed on ensuring they have in place a leading edge and sophisticated communications network. This communications network is centrally co-ordinated from company headquarters. One of the cornerstones of this system is a global intranet. This technology has a dedicated services@work section which is updated daily and provides employees with an extensive range of information relating to the work environment, the corporation and employee relations.

Direct consultation – At the level of the individual, direct consultation is facilitated by the use of performance reviews, training and development appraisals and for some categories of staff 360 appraisals. The company also has in place a system of end-to-end project management, which again affords an opportunity for two-way dialogue and discussion on operational and technical issues in particular.

Within this knowledge-intensive organisation there is strong emphasis in working in functional teams within which there is a high degree of autonomy afforded to the individual workers in terms of how they undertake their work. As a designated Global R&D centre, innovation and learning is a key driver of organisational performance. As such the company has striven to encourage higher levels of employee participation and involvement.

In particular there is a strong emphasis on putting in place mechanisms that facilitate problem solving in relation to improvement of work processes and/or product development and design. Consequently regular focus groups on technical and product issues are a common feature within the organisation and one of the most recent initiatives is the Faraday Lecture Series. This lecture series provides internal and external speakers with an opportunity to give presentations on leading-edge technological developments. These events are characterised by high levels of interaction and debate. The objective of this initiative is to facilitate knowledge transfer and the emulation of best practice. In particular the engineers are encouraged to make practical use of these new developments in their ongoing work. The company contends that this voluntary but highly popular initiative has functioned as an important catalyst for ongoing innovation and learning. Equally the employees value it as an opportunity to enhance their knowledge and skills set.

Indirect Information Sharing and Consultation –

Given its non-union status and the prevailing North American business culture of the parent company it is not surprising that the company has no formal system for engaging in indirect consultation with employee representatives. As such although employees receive a high level of information, the employee representative stressed that on key change issues there is very limited scope for employee input or dialogue. In certain instances this was considered problematic as it created a context in which possible and pragmatic alternatives to change initiatives were not considered by senior management.

Employee representatives have however been elected under certain circumstances in compliance with existing EU Directives in relation to collective redundancies and transfer of undertakings. In the context of the recent redundancies therefore the company put temporary employee representative arrangements in place, for both union and non-union staff that were affected. The only permanent structure in Nortel Networks (Ireland) that incorporates employee representation is the Trusteeship, which oversees the company pension fund. This body, has two employee representatives amongst its four members, and is provided with information on investment strategy, pension contributions, dividends and payments.

Nortel does however operate a European works council, the Nortel European Forum (NEF). The European employee relations manager at Galway and one employee representative from Galway are on this body. The objective of the NEF is to create a joint understanding of the strategy, competitiveness and performance of the company. It also aims to improve communication and understanding across the organisation in Europe. At the NEF meetings employee representatives are provided with information on financial performance, market position, strategic development and people strategy. This information is for discussion only as this body had no formal negotiating function. From the management perspective the NEF played a critical role in facilitating the major downsizing of the workforce in Europe without any major dispute,

upheaval or irreparable damage to the working relationship between management, unions and employees. Significantly the employee representative also highlighted the value of the NEF in general as a source of information provision for employees.

The benefits of Information and Consultation

From the organisation's perspective the effective management of information and communication processes and, in particular, ensuring due process in relation to EU regulation both minimises risk for the company and assists it in avoiding bad publicity. This was particularly important in the context of the aforementioned redundancies, for despite shedding manufacturing staff, the company still had to ensure that it was perceived as a 'good employer' for high-skilled knowledge-based workers.

Management also recognise that developing progressive and innovative policies for informing and consulting with staff, makes employees feel more involved and valued by the company. Effective communication and dialogue builds employees' understanding of the business climate and makes them more responsive to change. In particular it affords employees the opportunity to pro-actively engage with and drive change. This is especially important for an organisation where learning and innovation are key drivers of competitive advantage.

From the employees' perspective the development of opportunities for employee voice and engagement provide a basis for increased satisfaction and commitment. Equally a more transparent information culture can serve to reduce uncertainty and minimise the 'bad feeling' that can develop around major changes when the rationale for such an initiative has not been fully articulated.

EU Information and Consultation Directive

In terms of the Directive's impact on current practices, management assumed that they would have to put in place more formalised arrangements for engaging with employee representatives. As the company currently lacks any form of indirect representation this would clearly represent a new departure for this non-unionised company. Management considered that a number of specific challenges will arise in seeking to comply with this Directive. Firstly the prevailing North American Business culture of the company ensures that there is a very strong preference for dealing with employees directly. As such reconciling the Directive with this business culture will be problematic. In particular securing the buy-in of senior executives will be difficult. Secondly the Galway site has only limited autonomy in relation to the parent company and as such many of the major decisions that affect employees are taken at the HQ in Canada. Finally there is the issue of employee apathy, as aside from a single member on the NEF there is no tradition of indirect representation among the categories of staff that remain at the plant.

Despite these reservations management were broadly supportive of the general spirit of the Directive provided that the national legislation afforded them the flexibility to customise their own practical arrangements. This call for flexibility however was balanced with a recognition that any institutional arrangements that are put in place for the purpose of informing and consulting, will given the time and resources invested in them, have to be both meaningful and add value for the organisation. The relatively favourable disposition towards the Directive is in part explained by the company's positive experience of the NEF. Indeed the NEF to an extent provides the company with a 'working model' of the type of practical arrangements that could be adopted at the national level for the purposes of informing and consulting. This experience of the NEF will be particularly important in mitigating some of the concerns of the senior executive team based in Ottawa.

Similarly the employee representative's positive experience of the NEF ensured that the Directive was viewed as a welcome development. In particular, in the employee representative's opinion, it would provide a basis for establishing an employee forum in which management would have to 'listen to' employees. Again, drawing on the NEF experience, the employee representative highlighted the potential for management to be constrained to improve how they articulate and explain the business rationale behind certain change initiatives.

7.14 Roches Stores

Organisational profile

Roches Stores, which was established in 1900, is one of Ireland's leading department store groups and one of the largest privately owned Irish companies in the country. The company has a head office in Dublin and eleven individual retail sites located throughout the country. Each store operates as an individual trading unit though the central office provides support in a number of areas including human resources and industrial relations. The interviews for this case study were conducted at both the group HQ level and also within one of the eleven retail units (Waterford). In 1998 the company initiated a new merchandising strategy centred on a number of partner agreements with international retail brands. This has resulted in both the introduction of independently trading concession units within Roches Stores and also a considerable rebranding of the merchandise that is fully owned by the company. For the organisation, the key performance indicators are sales, net margins, stock holding times, average transactional value and return per square metre. Group performance since 2000 has been variable in part due to the impact on trading of a number of major refurbishment programmes. The outlook for the sector in the opinion of senior management is moderate and will continue to be marked by volatility, which is the norm for retailing.

Employee Relations

The company is heavily unionised with 95 per cent union density. This reflects the fact that it has a closed shop agreement for all clerical and sales staff. The main unions in the company are Mandate and SIPTU. Although the HR unit at Group Headquarters provides support and advice, each individual store has responsibility for its own industrial relations issues. Each retail outlet has a House Committee as well as a safety committee. Collective agreements covering pay and conditions are negotiated on a store-by-store basis.

On a company-wide level, senior management suggested that they had a good and open working relationship with the unions premised on a high level of mutual respect. This stands in marked contrast to the more adversarial industrial relations climate that would have prevailed in the 1970s and 1980s. Although there will always be differences of opinion and difficulties, there was a shared understanding that the viability of the company was good for both parties. This type of shared understanding was particularly evident at the Waterford branch of Roches Stores. Both the general manager and the senior shop steward stressed the shift from adversarialism to a more partnership style relationship based on trust, mutual respect, employee involvement and problem solving. The very good industrial relations environment was epitomised by the open and positive relationship between the general manager and the senior trade union representatives. One of the employee representatives indicated that over the last decade the relationship between management and staff has changed substantially for the better and that the store was characterised by a relaxed, open and friendly working environment.

Information Sharing

Direct Information Sharing – The company uses primarily written methods to facilitate the one-way communication of information to employees including a company handbook, bulletins, flipcharts and notice boards. Across the company, managers also hold face-to-face employee briefings at the team, business unit and store level. In general these would normally occur as needs arise rather than on a scheduled basis. In one of the eleven stores, however, monthly Rap Sessions have been initiated. At these Rap Sessions employees are provided with information on monthly sales, wage costs and stock holding. In addition there is an opportunity to discuss various organisational related issues.

Indirect Information Sharing – Information is normally disclosed to employee representatives at the House Committee meetings unless it is a safety related issue in which case this will be raised in the Safety Committee. At the Waterford store the union representatives indicated that management

provide the House Committee with regular updates on organisational issues and in essence the agenda of the union-management meetings extends beyond a narrow industrial relations agenda. The employee representatives received a full briefing on the rebuilding and rebranding of the Waterford store at a very early stage. Additionally, throughout this project they were not only kept informed but also had an ongoing opportunity to voice their opinion on certain issues.

Consultation

Direct Consultation – At the individual level the company have made a limited use of suggestion schemes. Additionally, all employees undergo an annual training and development review. In recent years there has been an increased use of temporary group-based direct consultation on issues ranging from stock control to uniform design. During the major refurbishment of their flagship store in Dublin, a group of 25 managers and employees met on a weekly basis to review progress, identify problems and map out the next stage of work. Management contended that this ongoing process of engagement was critical to the relatively smooth completion of this project both in terms of successfully completing the building programme and also in being able to continue to trade in difficult circumstances. The current Chief Executive is a strong advocate of the need to develop a more participatory approach that stimulates upward problem solving and employee involvement. The main reason for this is the view that the best ideas come from staff. Indeed, the company recognises that they need to extend their use of direct employee consultation.

Indirect Consultation – Outside of the industrial relations structures there are no established or formal arrangements for indirect consultation. At the Waterford store however, two-way dialogue and discussion are integral elements of the House Committee meetings with management. Additionally the open and progressive relationship between management and employee representatives ensures there are ongoing opportunities for

employee representatives to articulate their views on issues. At this store as in others within the group there is a strong reliance on informal and highly personalised channels of communication and dialogue.

Both management and employee representatives stressed the complementary relationship between direct and indirect practices for informing and consulting. The employee representatives noted for example that when management directly briefed a business unit or section there was an expectation amongst the employees that the employee representative would ask questions and provide feedback even though this was a form of direct employee communication.

The benefits of Information and Consultation

From the organisation's perspective informing and consulting with employees provided a mechanism for tapping into the experience and expertise of staff. Indeed the senior manager articulated the view that involving staff improved the quality of organisational decision-making. For example, a project group involving management and employees was set up 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 concluded this approach brought new ideas and a fresh approach to process. Furthermore the project was completed without generating any attendant industrial relations issues and again the involvement of employees was seen as pivotal to this. As well as contributing to decision-making and problem-solving, management considered that informing and consulting improved flexibility in working practices, employee acceptance of change, employee commitment, employees' understanding of key business objectives and the industrial relations environment.

The employee representatives indicated that keeping staff informed of ongoing change prevented uncertainty from developing and ensured staff moral remained high. The open and progressive approach that was adopted at the Waterford store had in the opinion of the employee representative's underpinned improvements in the general working

environment and management's relationship with the trade unions. This was a considerable achievement given that this same store had gone through a turbulent period marked by redundancies and the threat of possible closure. Affording staff the opportunity to have a more pro-active input into decision-making also encouraged a sense of ownership of the change process and ensured that employees displayed a greater willingness to engage with change.

EU Information and Consultation Directive

The group HR manager had a generally good understanding of the Directive. This individual indicated that initially the implications of the Directive appeared 'problematic' but as their understanding of it has developed it now appears more workable. The awareness of other senior managers at present is limited. This is due to the fact that on issues such as this the central office will formulate an initial approach and then discuss this at a meeting of the general managers from the individual retail units. Although the Directive was seen as workable and potentially advantageous, senior management highlighted a number of possible challenges in complying with its requirements. The issue of disclosing highly sensitive and confidential information was clearly a problem for the company though it indicated that past experience showed that employees and employee representatives clearly respected the importance of confidentiality.

Secondly it was anticipated that at the store level current practices and procedures for informing and consulting would have to change as a result of this Directive. In particular it would appear that the Directive might limit the scope for individual managers to continue their traditional approach of 'keeping employee representatives informed on a need to know basis only'. Consequently informing and consulting would become more regularised and standardised. Although managers are comfortable with disclosing information to employee representatives, the Directive does raise the issue of how early employee representatives are to be informed and this might prove problematic in practice.

Similarly some managers at present certainly consider that the consultation dimensions of the regulation represents a challenge to their right to manage and their authority in general. The general manager from one of the stores confirmed that they would have to formalise aspects of their current approach to informing and consulting. Equally while cognisant of the challenges this individual expressed a willingness to experiment with new practical arrangements for informing and consulting.

It was the group HR manager's assumption that the future legislation to transpose the Directive into Irish law would require the company to put in place practical arrangements for informing and consulting with employee representatives. If this were the case the approach of the company would be to establish these on a store-by-store basis. It was anticipated that any new institutional arrangements would comprise a mix of representatives from the existing House Committee and other nominated and/or elected staff representatives. In this regard there would be an initial settling in period as the relationship between any new forum and the House Committee was worked out. This however was not foreseen as being an overly contentious issue.

The employee representatives had a limited awareness of the detail of the Directive. They indicated that they did not think that the culture of the their organisation would have to change substantially given that it was very open at present. They agreed, however, that the Directive might formalise and regularise the current informal approach to informing and consulting. Both representatives suggested that the aims of the Directive would appear to support the approach of the union, which had become more focused on encouraging the pro-active involvement of employee representatives. One representative indicated that there might be a need for training of employee representatives to ensure that they carried out their functions effectively.

Appendix A

Research methodology

Research objective

This research was undertaken by the National Centre for Partnership and Performance as part of a project to promote awareness of the new EU Employee Information and Consultation Directive. The project, supported by the European Commission's DG Employment & Social Affairs, aims to identify good practice, foster shared learning and highlight the mutual benefits of enhancing information and consultation processes and practices in the workplace.

The context for this research was the adoption by the EU of the European Employee Information and Consultation Directive which is due to be transposed into Irish law by March 2005. The primary objective of the Directive is to "establish a general framework setting out the minimum requirements for the right to information and consultation of employees". Ireland currently lacks any statutory basis for informing and consulting of employees and as such, this represents an important development for both employers and employees.

The broad objective was to examine current practice in Irish organisations, with a view to identifying key issues emerging for both employers and employees in dealing with the Directive. There were two primary considerations in achieving this objective. Firstly, it was seen as important to examine in detail the level and scope of existing information and consultation structures and practices in the Irish context. Secondly, it was considered useful to examine the attitudes and perceptions of management and employee representatives towards this Directive.

The research, therefore, focussed on detailed analysis of the issues within a relatively small but involved group of participant organisations, with a view to examining in depth the issues for these organisations and their employees.

In addition, as a support to organisations considering how best to implement the Directive in the workplace, the project aimed to identify key lessons and examples of good practice evident in the participant organisations.

Research methodology

Participant sample

A total of fourteen organisations were chosen in a structured sampling process, providing the research team with access to a diverse profile of participants in terms of business sector, size and nature of workforce, and geographical location.

Data gathering

The primary data sources for the project included focus group meetings with the participant organisations, followed up by intensive audit and case-study research with managers and employee representatives within the company, using semi-structured interviews.

Questionnaire design

Questionnaires were completed using a semi-structured interview format. The design of the questionnaire was informed with reference to the EU Employee Information and Consultation Directive, and to a review of the relevant literature. It was also informed by the issues raised at initial focus-group meetings with participant organisations.

Different versions of the questionnaire were adopted for use with management and employee representatives. Each version explored a core group of key themes, but was customised to examine interviewee-specific issues. The questionnaire gathered data on the following issues:

- Organisational profile
- Employee representation
- Current practice for informing and consulting with employees directly
- Current practice for informing and consulting with employees indirectly
- The identification of good practice
- The contribution of informing and consulting to managing change
- The perceived benefits of information and consultation
- Attitudes and perceptions towards the Information and Consultation Directive.

Profile of case study organisations				
Organisation	Sector/Economic Activity	Governance	No. of Employees	Unionised
Dell Sales and Supports Division	Marketing, Sales and Customer Support	Private – foreign owned	1300	No
Dublin City Council	Local Authority	Public	6500	Yes – multi union
Medtronic	Medical/ Instruments	Private – foreign owned	500	Yes – single union
Roches Stores	Retail	Private – indigenous	3100	Yes – multi union
GMIT	Education	Public	595	Yes – multi union
Allianz	Insurance	Private – foreign owned	900	Yes – single union
GE Interlogix	Manufacturing/ Security/ Equipment	Private – foreign owned	230	Yes – single union
ESB	Electricity	Public – semi-state	9000	Yes – multi union
Multis	Computer Hardware/ Software	Private – indigenous	80	No
Barnardos	Care and Advocacy	Voluntary (Registered charity)	300	Yes – single union
Vhi	Healthcare	Public – semi-state	730	Yes – single union
Beckman Coulter Instruments	Medical/ Instruments	Private – foreign owned	130	Yes – single union
Nortel Networks	Network Services Provider	Private – foreign owned	300	No
Electric Paper Company	E-learning	Private – Indigenous	80	No

Case study selection

A key objective of this study was to examine current practice for informing and consulting of employees from both different sectors of economic activity and diverse models of employment relations. A number of different selection criteria were utilised in developing the sample of case studies namely:

- Systems of Corporate Governance (public and private; Irish and foreign-owned)
- Different sectors of economic activity
- Size (small, medium and large)
- Union and non-union organisations.

The research team was responsible for identifying specific organisations and negotiating access. Additionally, in drawing up the initial list of potential case study organisations, the Centre's team drew on the ongoing work being carried out on this topic by the Department of Management at the National University of Ireland, Galway. In total, thirty organisations were contacted and fifteen agreed to participate in the study. One of these companies withdrew from the project immediately prior to commencement, reducing the final participant list to fourteen. The list of participating companies is outlined in the table above.

It was felt that this sample incorporated quite a diverse range of organisations. Four of the organisations are from the public sector, including two semi-state companies. Nine of the organisations are privately owned and of these, six are subsidiaries of foreign-owned multinationals. The remaining three are indigenous companies. There was also one organisation, which is a registered charity and as such can be categorised as the 'voluntary sector'.

The sample involved participants from a broad range of sectors including manufacturing (security equipment), financial services (insurance), retailing, hi-tech (medical devices, marketing and customer services, networked services, e-learning and computer hardware development), semi-state (health-care and public utility), the voluntary sector and the public sector (education and local authority).

In employment terms, the organisations employ a variety of occupational categories, and in terms of workforce size they ranged from 80 to just over 9,000. In terms of employment relations, ten of the organisations are unionised. Within this category the level of unionisation ranged from 40 per cent to 95 per cent. The level of union density was generally higher in the public and semi-state companies. In three of the private sector companies that recognised unions, union organisation was limited to the manufacturing sections of workforce with the rest of the employees being non-unionised.

Although the sample was compiled in accordance with the original selection criteria it is possible that the participating organisations agreed to become involved in this due to their interest in information and consultation, especially in the context of the EU Directive. As part of the broader project, of which this research was an integral part, the organisations formed a learning network in which there was a strong emphasis on sharing key lessons and good practice. This network proved instrumental and invaluable at various key points in the project.

Field work

The research interviews were conducted between June and September 2003. Interviews were conducted with a number of key informants at each organisation namely:

- Senior HR manager (or other senior manager with responsibility for this function)
- Two Employee Representatives.

In some of the companies more than one senior manager was interviewed. Several of the organisations in this study have multiple sites in Ireland. The management interviews in general were conducted at both the group headquarters level and also at a selected individual site. The employee representatives, in these cases, were drawn from the selected sites. The only exception to this was the ESB, where the employee representatives came from the central union grouping.

Three of the non-unionised companies had no designated employee representatives, and as such employees with an interest in and experience of this topic were selected. The interviewees were nominated by the management and employee representatives in the respective organisations, in consultation with the researcher who was responsible for that particular organisation. In addition several of the organisations organised focus groups comprising management and employee representatives. As indicated above a separate semi-structured questionnaire was designed for management and employee representatives.

All of the interviews were recorded, with the consent of the individuals, and as such an assurance of complete confidentiality was essential for the integrity of not only the interviews but also the research. All of the participating organisations were also offered copies of the 'individual case studies' for comment if they so wished. The participating organisations formed a learning network for the duration of this project and also took part in a major national research conference based on this research. The discussions and insights from both the conference and the network meetings also informed this work.

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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.

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- 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.