

ORGANISATIONAL CHANGE AND EMPLOYEE INFORMATION AND CONSULTATION

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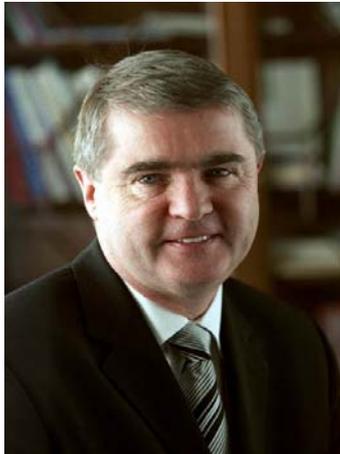
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DISCLAIMER

The views in this report do not necessarily represent those of the Department of Enterprise, Trade and Employment (DETE) or any of the companies that participated in the research. Any errors of fact or interpretation remain the responsibility of the authors.

FOREWORD

By Frank Fahey TD, Minister for Labour Affairs



At Lisbon in 2000, the European Council set an ambitious target – for the EU to become the most competitive and dynamic knowledge-based economy in the world by 2010. If we are to meet this target, it is important that employers, employees, social partners and policy makers have a shared understanding of what needs to be done, particularly at the level of the workplace.

An important element in the range of policies necessary to achieve the Lisbon targets of improving competitiveness and increasing jobs is the development of adaptable workplaces, with an increased capacity to anticipate and adapt to change. This requires all stakeholders to embrace new ideas and new ways of working. To support this organisational transformation, we must also put in place strategies at enterprise level.

Information and consultation of employees and the development of a greater sense of partnership at enterprise level are vital components of an adaptable workplace. In Ireland, we have seen the benefits of partnership at national level. Our social partnership model has been a key element in the economic success that we have achieved over the past decade. We now want to meet the challenge of embedding partnership and making it a reality for employers and employees at enterprise level.

This research project was commissioned by the Department of Enterprise, Trade and Employment with a specific remit to explore a range of employee information and consultation mechanisms in 15 Irish organisations and to examine the relationship to

organisational change. Among other things, the research charts the potential pay-offs for employers and employees from employee involvement in the operation and future of the enterprise. Timely information to and consultation of employees is vital to the adaptation of the enterprise to the demands of the globalised market.

While this study demonstrates the benefits that can accrue to organisations from the use of effective information and consultation systems, it also outlines the challenges that face us in the current economic environment. In addition, its findings are important in advancing our understanding of the factors that can facilitate the 'readiness' of Irish organisations to meet the requirements of the European Directive on Information and Consultation.

This is a valuable piece of research that will help to inform thinking on information and consultation models, and I would like to congratulate the researchers on their comprehensive and informative report.

A handwritten signature in black ink that reads "Frank Fahey". The signature is written in a cursive style with a period at the end.

Frank Fahey TD
Minister for Labour Affairs

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ORGANISATIONAL CHANGE AND EMPLOYEE INFORMATION AND CONSULTATION

EXECUTIVE SUMMARY

- This research project was commissioned by the Department of Enterprise, Trade and Employment (DETE), with a specific remit to explore a range of employee information and consultation mechanisms in 15 Irish organisations, and to examine the relationship to organisational change.
- Three principal research instruments were devised for the project. These included interviews with a senior HR or general manager, interviews with union and/or other employee representative (where recognised), and a series of employee focus groups at each of the case study organisations.
- The 15 case study organisations selected were based in different sectors of economic activity, and included small and large organisations, union and non-union establishments, Irish and foreign-owned companies, and organisations with a mixed geographical spread.

- The main issues guiding the research included the diversity of change management initiatives and whether there was a positive relationship between the changes introduced and the use of information and consultation mechanisms. We were also interested in respondent experiences, interpretations and possible obstacles to informing and consulting employees.
- Overall, a mixed use of information and consultation mechanisms was found across the sample organisations. The diversity of techniques used, and the rationale for their use, suggest that a solid foundation already exists on which the EU Employee Information and Consultation Directive can build.
- Three particularly important findings are identified with respect to employee involvement and the management of change. These are:
 - a) The effectiveness of change is often associated with using a mix of direct and indirect mechanisms. These do not conflict, but are in fact mutually reinforcing.
 - b) The relationship between change and consultation is more fruitful when there is commitment from the top of the organisation. In turn, this commitment was found to encourage a greater degree of transparency and sincerity about informing and consulting employees.
 - c) Informal dialogue is an important support for the more formal structures to inform and consult employees.
- The meanings that employers and employees ascribe to different information and consultation mechanisms are important. These convey very powerful messages about the importance— strategic or otherwise— of information and consultation processes.

- There was a wide disagreement among respondents— even those in the same organisation— about the actual depth and scope of information and consultation mechanisms used. On many occasions, what respondents identified as consultation arrangements were no more than a form of communication.
- The relationship between ‘change’ and ‘information and consultation’ was limited to those areas deemed appropriate by management and mostly confined to change issues directly relevant to the employees’ job. On the more strategic and transformational types of changes, management tended to rely on information rather than consultation with employees.
- It is apparent from our data that information and consultation works. Some of the main benefits include improved business efficiency, employee awareness of market demands and more cooperative employment relations.
- The main obstacles to informing and consulting employees included short-term business pressures, a lack of time among line managers, and in some cases a bureaucratic culture that was resistant to change. There also appeared to be an integration failure as newer mechanisms to inform and consult employees were rarely integrated with other HR policies and practices.
- A number of general principles towards ‘good practice’ are identified that combine both direct and indirect mechanisms. These seemed to work best when stakeholders had a clear understanding of the objectives for informing and consulting employees.

Chapter 1: Introduction

The success of Ireland's knowledge-based economy depends not only on technology and innovation but also on the effective management of organisational change. There is increasing recognition that firms and organisations must undertake fundamental improvements in their internal management structures and processes if they are to make the best use of new and evolving technologies— and meet the challenge of global competitiveness.

It is also recognised in much of the international research that the effectiveness and long-term viability of a programme of organisational change and improvement is enhanced by the involvement of those most affected by it— the workforce. Systems to involve and consult workers provide new opportunities for employees to exercise a constructive and responsible influence over the future direction of the organisation for which they work. At the same time, they enable employers to make creative and innovative choices about future organisational strategies. Indeed, evidence suggests that there is no inconsistency between the extension of democracy at the workplace and the drive for improved productivity and competitiveness.

While there is less understanding and agreement on the most appropriate mechanisms for securing employee contributions towards change, it is clear that such mechanisms must encompass a measure of information sharing and consultation. This recognition is reflected in the new European Union Directive on Information and Consultation, which is to be implemented in member states over the coming years.

Structure of the report

Chapter 2 reviews some of the key drivers for change and the arguments surrounding employee information and consultation. Here it is noted that while a number of benefits can accrue to organisations from the use of effective information and consultation systems, the precise relationship between consultation and organisational improvements remains more elusive. **Chapter 3** discusses the main provisions of the EU Directive, while **Chapter 4** describes the research methods for the project.

Chapters 5 to 7 report the findings for this study. **Chapter 5** outlines the range of information and consultation mechanisms found at each of the case study organisations. **Chapter 6** is more critical, and raises a number of concerns about the meanings and depth of those practices found at some of the organisations. **Chapter 7** discusses a number of benefits within

specific organisations arising from the information and consultation processes used, and gives a short description of some of the main obstacles to information and consultation that were identified in the course of the study.

Finally, **Chapter 8** discusses areas of 'good practice' associated with employee information and consultation. Overall, these are general principles that can underpin a range of information and consultation practices applicable in a variety of organisations, rather than a grand blue-print that could be universally applied.

The appendices to the report provide information on the 15 organisations that participated in the research, together with the text of the EU Directive on Information and Consultation.

CHAPTER 2: THE IMPORTANCE OF INFORMATION AND CONSULTATION IN THE MANAGEMENT OF ORGANISATIONAL CHANGE

Introduction

This chapter considers the literature on information and consultation in the context of organisational change. [Section 2.1](#) identifies the drivers for change. [Section 2.2](#) outlines both a business case and a workplace democracy case for employee involvement and consultation. [Section 2.3](#) explores the different terms used to describe information and consultation, and finally, [Section 2.4](#) identifies a number of obstacles to informing and consulting employees.

2.1 The change 'drivers'

In the current economic environment, remaining the same is not an option for many organisations. Survival and growth require a strategic response to pressures from the internal and external environment. These pressures or 'drivers' include, among other things, globalisation, increasing competition, work reorganisation and job intensification, organisational restructuring, changing demographic characteristics of the labour force, technological progress and national and EU legislation. While these drivers have affected organisations to some degree over the past 25 years, a recent UK study found that technologically driven change has had the greatest impact on the way employment is managed and organised (Taylor, 2003:13). Other pressures for change have been less predictable and more incremental. These include, *inter alia*, the privatisation of government-operated services, pressures on companies to maximise short-term shareholder value, the desire to attract foreign inward-investment, exchange rate fluctuations, domestic inflation rates, and recessions, along with a variety of international disturbances and fluctuations to commodity prices.

In the face of environmental pressures that vary in direction and intensity, organisations have responded with an attempt to improve economic performance. The literature suggests that similar companies can, and do, react to the same drivers in very different ways in terms of both *outcomes* (structures, products, markets and work practices) and *processes* (methods and practices to plan and implement change) (Burnes, 2000). It has been argued that the rate of change will continue to shift the location of strategic decision-making away from central

management and provide enterprise-based managers with an increased change management role (Beynon et al, 2002; Kochan et al, 1986). For such managers to be effective will require more wide-ranging information and consultation between employers and employees (and their representatives) based on mutual trust, understanding and partnerships (Kochan & Osterman, 1994; Oxenbridge & Brown, 2002; Ackers et al, 2003).

2.2 Change works best when employees are involved in the process

This section outlines the 'business' case and the 'workplace democracy' case to support the view that change works best when employees contribute to decisions that affect their lives. While the business case suggests that employee information and consultation can lead to sustainable competitive advantage, the workplace democracy case argues that workers are entitled to have a say in matters that affect them at work.

The business case for information and consultation

According to Blyton and Turnbull (1998), 'employee involvement and participation' has traditionally been the Cinderella of employee relations. But just as Cinderella habitually returns every pantomime season to beguile a new generation of children with fresh interpretations of an old theme, 'employee involvement and participation' repeatedly attracts a new audience. The idea that consultation can, from the employer's perspective, fulfil a role in fostering good employee relations as well as improving productivity and profitability has remained the 'holy grail' of employment relations. In the high performance literature, information and consultation occupies a pivotal role in organisation effectiveness (Roche, 1999; IPA, 2001 and 2003; Purcell et al, 2003). In the 1999 Employee Participation and Organisational Change (EPOC) survey, a range of different employee voice mechanisms were associated with positive improvements in organisational performance (see Table 2.1).

Organisational Improvements	Different types of employee consultation					
	<i>Individual (face-to-face) consultation</i>	<i>Individual (arm's length) consultation</i>	<i>Temporary groups for consultation</i>	<i>Permanent groups for consultation</i>	<i>Individual delegation</i>	<i>Group delegation</i>
<i>Reduction of costs</i>	61	66	64	61	60	56
<i>Reductions of throughput time</i>	64	66	66	62	69	66

<i>Improved quality</i>	94	92	95	94	93	94
<i>Increased output</i>	52	47	48	53	44	58
<i>Decreased sickness</i>	39	40	31	37	22	32
<i>Decreased absenteeism</i>	42	39	39	39	28	37

Source: Coriat, 2002, p. 12.

While practitioners have identified a range of positive outcomes from the use of employee information and consultation mechanisms, what is less clear is ‘how’ and ‘why’ these schemes lead to improved organisational performance (Purcell et al, 2003). The need to inform and consult with employees has been shown to encourage managerial creativity and innovation in the choice of information and consultation mechanisms adopted (Marchington et al, 2001; Boxhall & Purcell, 2002). This in turn helps to ensure that decisions are more robust and informed. Above all, employee knowledge and experience at the operational level can add to management’s knowledge of markets, products and competitors. Although conclusive research data is patchy on the precise relationship between consultation and performance, it appears that including workers in change plans may facilitate greater acceptance of change, even if the changes require additional effort or sacrifice on the part of employees. The important point seems to be that workers have to believe they have a say in matters that affect them in order to regard the outcomes as positive (McCabe & Lewin, 1992; Oxenbridge & Brown, 2002).

Employers can choose to adopt a ‘high road strategy’ or a ‘low road strategy’ in relation to their business decisions and employee relations. A ‘high road strategy’ combines value-added products and services, high levels of training and investment, high productivity and good terms and conditions with high-trust industrial relations committed to employee involvement. Conversely, a ‘low road strategy’, is one of low quality, low investment, low productivity and a winner-takes-all industrial relations system. While still uncommon, ‘high road’ practices are related to positive performance outcomes (TUC, 2002).

Some leading companies have formalised their approach to information and consultation by means of partnership agreements, usually involving trade unions. Partnership normally requires representative structures engaging in dialogue about change in a focused and effective way (Marchington, 1998; Oxenbridge & Brown, 2002). However, even though much of the literature around partnership makes an *a priori* assumption about a union presence, it is also evident that many non-union organisations employ a range of both direct and indirect consultative forums (Ackers et al, 2003).

Box 2.1: Informing and consulting employees in the Workplace of the Future

The methods used to inform and consult employees are often regarded as one of the critical success factors for organisational effectiveness in the future. In one study, the following areas were found to be associated with change and information and consultation:

- Employee involvement at each the stage of the introduction of change is likely to reduce resistance.
- Employee consultation is a prerequisite for the foundations of effective organisational change.
- Delegative participation, that is where the decision itself is delegated to the employees, can bring about significant improvements in organisational performance.
- The introduction of mechanisms for consulting and informing employees can also be demanding and time-consuming.
- Information and consultation mechanisms should be integrated with other human resource management policies and practices.
- The reward system is an important aspect of the integrated solution.

(Source: Frohlich, 1996).

The format of partnership agreements varies considerably but it is generally based on the following principles: shared commitment to business goals; a recognition and acceptance of differing interests; flexibility, but not at the expense of employee security; opportunities for personal development; and open and genuine consultation (Morgan, 2000).

However, there remains considerable disagreement in the literature regarding the precise impact for organisational stakeholders as a result of partnership arrangements (Ackers & Wilkinson, 2000; Martinez Lucio & Stuart, 2002). Critics argue that partnership may actually weaken the role of trade unions by 'incorporating' union representatives into the higher echelons of management (Kelly, 1998) — the point here being that in such cases union representatives and/or partnership facilitators exercise control 'over' rather than control 'for' the employees they represent (Geary & Roche, 2003, p. 33). Supporters of partnership arrangements argue that it can revitalise the trade union movement and provide employees and managers with a renewed voice in facilitating organisational change (Ackers & Payne, 1998; Guest & Peccei, 2001). Geary & Roche (2003) found that there was no definite relationship between partnership and the marginalisation of union stewards. However, these authors noted that where partnership arrangements are imposed, with an expected reduction in collective bargaining, then subsequent tensions were likely. To some extent, this suggests that the diffusion of partnership at workplace level may improve relations when there is clear

agreement and understanding about the purpose, aims and objectives of partnership as one, but not the only, route to inform and consult employees (Ackers et al., 2003).

The workplace democracy case

For the majority of people, work is the single biggest influence on their lives. The literature on work motivation makes it clear that people prefer to be involved in decisions that affect them (Blinder, 1990; McCabe & Lewin, 1992). Involving workers in the processes that lead to organisational changes can help them to cope with change and adapt better to it. In the past 20 years, experimentation with information and consultation schemes has largely occurred at the discretion of management (Marchington et al., 1992; Gunnigle et al., 2002). The European Information and Consultation Directive seeks to promote workplace democracy by removing the discretion from management and ensuring that workers can have a right to information and consultation about workplace changes (Sisson, 2002; Coriat, 2002).

The advocates of the workplace democracy case suggest that information and consultation should be viewed as an entitlement rather than a privilege (McCabe & Lewin, 1992; Towers, 1997). Citizens of the EU are entitled to express their opinions about government decisions that affect their future. The EU Directive will require management, if requested by employees, to extend this right to the workplace and provide employees with the opportunity to receive information and be consulted on decisions that may impact on work practices, terms and conditions and job security.

The potential impact of the EU Directive cannot be overstated. Sisson (2002: p. iii) suggests that this new right to information and consultation is highly significant, arguing that “the right to be informed and consulted at work is as fundamental, if not more so, than the right not to be unfairly dismissed or to be discriminated against.” Will Hutton, Chief Executive of the Work Foundation in the UK, emphasises the seismic shift that could result from the Directive, claiming that employers will now be under an obligation to consult their workforce not just about redundancies but about a broad range of strategic, operational and work-related issues: ‘British capitalism will never be the same again. Trade unions have been given a new place in the sun, not as the old guardians of working-class interests, but as partners in the successful management of the capitalist workplace’ (Hayes, 2002, p. 8). This suggests that if controlling information is a source of managerial power, then the rights to information-sharing can lead to a realignment of the institutional arrangements within those organisations, potentially leading to a revitalised role for organised labour.

2.3 The meanings and definitions of information and consultation

The literature that deals with information and consultation can be confusing. The meanings assigned to these and related terms can vary considerably, and it is often unclear in what sense a particular person or organisation is using one of these terms. Some authors refer to involvement, participation and consultation without fully acknowledging the differences between these terms. In one company, the term 'involvement' may be used to identify certain practices that in another firm are regarded as consultative. Differences in meaning can be further complicated depending on the presence or absence of a trade union. Some non-union companies prefer the terms 'empowerment' or 'communications', even when they utilise representative forums for consultation, such as non-union works councils (Cully et al., 1999; Benson, 2000; Ackers et al., 2003). In a more recent study, Marchington et al. (2001) sought to capture the diversity of meanings associated with employee voice at an organisational level. These authors identified five separate meanings across a number of different sectors of economic activity (see Box 2.2).

Box 2.2: The five meanings of employee voice from Marchington et al., (2001)

Employee voice as communication and an exchange of views: This means providing an opportunity for employees and managers to exchange views, and occurs through individual as well as collective consultation processes.

Employee voice as upward problem-solving: This refers to the way managers tap into employee ideas to improve organisational performance.

Employee voice as collective representation: This is an opportunity for employee representatives, both union and non-union, to represent the views of employees to managers, either via joint consultative forums, collective bargaining or partnership arrangements.

Employee voice as engagement: This means a feeling that staff are willing to express views and contribute to managerial decisions in an open manner. For this 'feeling of engagement' to take effect, management support is required.

Employee voice as having a say about issues: This means not only the existence of a range of mechanisms for employees to express their voice, but also a shared understanding that employee ideas are taken into account and produce organisational change.

(Source: Marchington et al, 2001).

Further complications exist in terms of the range of practices used. An example from the Workplace Employee Relations Survey (WERS) data illustrates this point (Cully et al., 1998). In this survey, 65% of managerial respondents reported that most employees work in designated teams. However additional probing about the details of such practices reveals a rather different picture. Of the 65% reporting team-based mechanisms, only 5% confirmed that such teams could make changes to their job tasks or decide how their work was to be performed. The WERS also reported that the majority of managers (72%) preferred to consult

with workers directly rather than indirectly (Cully et al., 1999, p. 88). However, according to Wood & Fenton-O’Creevy (1999), companies that utilise *only* direct consultation schemes tend to involve their employees less than those that also consult with workers indirectly. For clarity, the meanings of the terms used to inform our research are listed in Box 2.3.

Box 2.3: The different meanings and techniques associated with information and consultation

Information/Communication refers to the transmission by the employer to employees (or their representatives) of data relevant to the organisation and/or employee jobs. Communication can be both one-way and/or two-way.

Consultation means the exchange of views and establishment of dialogue between the employer and the employees (or their representatives).

Employee Voice refers to a whole set of different mechanisms, of which the principal objective is to provide the opportunity for employees to ‘have a say’ about matters that affect them at work.

Employee Involvement is a term attributed to management-sponsored activities, typically focused on operational issues, and designed, primarily, to increase employee commitment. They can include a variety of techniques such as attitude surveys, team briefings, quality circles and employee focus groups.

Employee Participation is the extent to which employees are represented in organisational decision-making, and the mechanisms for this can be either *direct* (management deals directly with employees) or *indirect* (management deals with employee representatives). Techniques can include self-managed teams, joint consultative committees or negotiating bodies.

While a range of authors cite the benefits to business from the use of employee involvement schemes (Guest & Peccei, 2001; Sisson, 2002; Coriat, 2002), others point to areas of work intensification and that many of the so-called benefits seem to be skewed in favour of the employer at the expense of employees (Delbridge et al., 1992; Beynon et al., 2002; Thompson & McHugh, 2002). In moving beyond these debates and assessing what these terms mean within different organisational contexts, Marchington & Wilkinson (2000) advocate the need to unpick the range of mechanisms according to the ‘depth, level, form and scope’ of information and consultation topics (see Box 2.4).

Box 2.4: A framework to unpick what information and consultation means

The depth means the extent to which employees can influence change management decisions or are simply informed about the changes management will make.

The level is about where in the organisational hierarchy that information and consultation takes place: at the team, department, establishment or headquarters level.

The form is about the type of mechanisms used to inform and consult employees, either direct (individualised) and/or indirect (collective).

The scope means the range of topics that are open for information sharing and/or consultation, ranging from trivial topics ('tea and toilet paper') to more strategic matters (company investments).

Source: Marchington & Wilkinson, 2000.

Blyton and Turnbull (1998) illustrate a scheme to unpick the range of different information and consultation arrangements at an organisational level (see Figure 2.1). This also suggests there can be progression from a shallow depth at one extreme, with no employee input to organisational decisions, to a situation of employee control (Marchington et al., 1992).

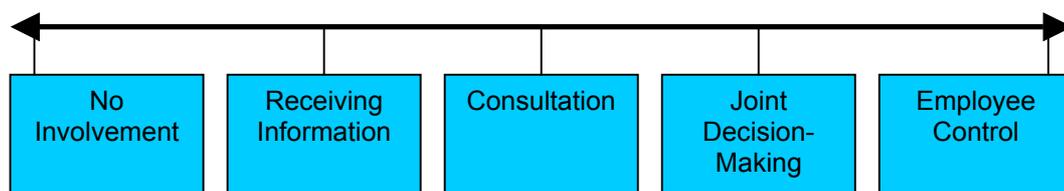


Figure 2.1: A continuum of employee involvement

2.4 Obstacles to information and consultation

Despite the supposed benefits of informing and consulting employees, a number of obstacles can be identified which question the development of policy and practice in this regard. At a fundamental level, many organisations still operate a hierarchical structure where decision-making remains firmly a prerogative of management. What mechanisms do exist are often directed at individual employees, limited in scope and light on power (Marchington & Wilkinson, 2000; Salamon, 2000). Furthermore, a lack of training in consultation and participation can lead to a reduced willingness or ability to take full advantage of opportunities presented (Salamon, 2000). This lack of training can affect both employees and managers. Another obstacle is the barriers that exist among different stakeholders responsible for informing and consulting employees (Marchington et al., 2001). Middle management have been found to be a particularly important barrier, often citing many reasons why information and consultation is neither possible nor desirable, including short-term business pressures or fears that information will be leaked to competitors or the media. Finally, union ambivalence has also been an obstacle to the development of information and consultation (Marchington, 2000). At one level this is based on a fear that more direct and individualised channels to consult and inform employees will lead to a loss of power and influence.

Summary

This chapter has outlined some of the key issues for change management and employee information and consultation arising from the academic and practitioner literature. While several business benefits to information and consultation have been identified, the precise relationship between information and consultation and organisational performance remains more elusive. What is also unclear is the degree to which these mechanisms actually allow for meaningful employee contributions. These issues will be addressed in the following chapters.

Chapter 3: The European Employee Information and Consultation Directive

Introduction

This chapter outlines the main provisions of the Information and Consultation Directive and considers some of the key transposition issues of this Directive pertaining to Ireland. [Section 3.1](#) gives details of current consultation provisions in Ireland. [Section 3.2](#) outlines the Information and Consultation Directive. [Section 3.3](#) focuses on transposition issues. [Section 3.4](#) looks at draft UK implementation regulations for the Directive.

It is arguable that this Directive is potentially the most significant piece of employment legislation to emerge from the European Union to date. Governments can opt to implement the Directive either for firms employing 20 or more people, or only for firms employing 50 or more people. 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 impact of the Directive cannot be overstated.

The European Parliament adopted this Directive, which establishes a general framework for informing and consulting employees, in February 2002. It was entered into the Official Journal of the European Communities on 23 March 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 (the actual percentage will depend on whether the government opts for the 20 employee or 50 employee threshold).

How to respond to the requirements of the Directive is one of the most important industrial relations issues facing government, employers and trade unions in Ireland. While there is a considerable amount of EU-inspired employment legislation, much of it relates to individual rights or to collective rights in restricted circumstances. This Directive, when implemented, will create a new legal framework for industrial relations that potentially marks a departure from the traditional voluntarist approach adopted in this country.

3.1 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 Box 3.1.

Box 3.1: Existing provisions for information and consultation in Ireland

- The 1989 Health and Safety Directive 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.
- The 1995 Collective Redundancies Directive provides for information and consultation in cases of redundancy.
- The 1998 and 2001 Transfer of Undertakings Directives provide for information and consultation in cases of transfers of undertakings, businesses or parts thereof.

Apart from the Transnational Information and Consultation Act 1996, which transposed the EWC Directive into Irish law, existing employment regulations in Ireland contain very limited provisions 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 2000 and 2003, oblige the 'transferer' 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 and 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.

3.2 The provisions of the Information and Consultation Directive

The Directive aims to establish a general framework for informing and consulting employees in the EU. 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 Box 3.2 for summary details). The implication of referring to the 'right' to information and consultation is that employees may not necessarily exercise that right and that employers need not be obliged to inform and consult where this is the case.

Member states are allowed considerable flexibility in implementation at national level to reflect national culture and employment relations practices (Article 1(2)). Consequently, the transposition process is the critical determinant of the impact the Directive will have from one country to another. The Directive obliges employers to put in place a framework for information and consultation. While many companies already have structures in place, management largely determines these with no recourse to outside intervention in the event of disagreement. Under the requirements of the Directive, the employer and employees' representatives shall work in a spirit of co-operation and with due regard for their reciprocal rights and obligations, taking into account the interests both of the undertaking or establishment and of the employees (see Box 3.2).

The scope of the Directive will apply to either undertakings with 50 or more employees, or establishments with 20 or more employees (Article 3). An **undertaking** is defined as 'a public or private undertaking carrying out an economic activity, whether or not operating for gain, which is located within the territory of the Member States'. An **establishment** is defined as 'a unit of business defined in accordance with national law and practice, and located within the territory of a Member State, where an economic activity is carried out on an ongoing basis with human and material resources' (Article 2). **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. **Consultation** means the exchange of views and establishment of dialogue between the employees' representatives and the employer.

Box 3.2: Summary features of the EU Employee 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 has to decide whether to apply these rights to all undertakings with 50 or more employees, or at an establishment level with 20 or more employees.
- Information and consultation are defined as procedures that involve employee representatives according to national laws or practices. This means that Ireland (and the UK) will have to ensure there is a right to employee information and consultation at either the undertaking and/or establishment level.
- The Directive states that information and consultation rights must apply to:
 - a) Information on the recent and probable development of the undertaking's or the establishment's activities and economic situation.
 - b) Information and consultation on the situation, structure and probable development of employment, and on any anticipatory measures envisaged, in particular any threats to employment.
 - c) Information and consultation on decisions likely to lead to substantial changes in work organisation or in contractual relations.
- Information must be given with sufficient time and in such fashion to enable employees' representatives to conduct an adequate study of the information and (if necessary) prepare for consultation.

- The arrangements can differ from those in the Directive provided they have been agreed by management and labour at the appropriate level in advance and in congruence with the general principles of the Directive.
- Employee representatives will be required to treat certain information as confidential.
- The Directive has been drafted in very general and broad terms to allow management and labour flexibility in respect of the practical arrangements at either the undertaking or enterprise level.
- Sanctions for non-compliance must be effective, proportionate and dissuasive.
- The Directive requires implementation by March 2005. However, countries with no 'general, permanent and statutory' system of information and consultation (which is only Ireland and the UK) 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.

(Source: Hall et al., 2002).

The Directive has been drafted in very general terms to allow for flexibility in its implementation. It does, however, set out the principal areas that information and consultation should cover, ensuring that the timing, method and content are appropriate for employee representatives to prepare for consultation (see Box 3.2). **Employee representatives** means those provided for by national laws and/or practices (Article 2). Given that Irish law does not currently have a general definition of employee representatives, this will be an important issue for the transposition legislation. A joint declaration on employee representation by the Parliament, Council and Commission is appended to the Directive which refers to two cases taken to the European Court of Justice (against the UK) for the inadequate implementation of existing directives on the issue of designation of employee representatives. In drawing attention to these cases, the joint declaration makes it clear that national transposition legislation ought to provide mechanisms for the election of employee representatives to allow the benefits of the Directive to be availed of by employees.

Agreement on information and consultation

One particularly important provision in the Directive is stated in Article 5. This 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. Such agreements, including those that predate the Directive's transposition deadline, may establish provisions that 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

Article 6(1) requires that employee representatives and any experts that assist them are not authorised to disclose expressly confidential information provided to them, though member states may authorise its disclosure to employees and third parties bound by an obligation of confidentiality. The Commission has made it clear that employee representatives may call on expert assistance if necessary.

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 that would seriously harm the functioning of the undertaking or would be prejudicial to it (Article 6(2)). Employers' decisions to require confidentiality or withhold prejudicial information must be open to review via administrative or judicial review procedures (Article 6(3)).

Protection of employee representatives

Article 7 guarantees that employees' representatives shall have adequate protection when carrying out the duties they have been elected to perform.

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

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 Box 3.2 for transposition dates). Five years after the entry into force of the Directive, the Commission shall, in conjunction with the member states and the social partners at Community level, review the application of the Directive with a view to proposing any necessary amendments (Article 12).

3.3 Implementing the Directive in Ireland: a legal framework

For most EU member states, the Directive will require little change to their existing information and consultation arrangements. However, the traditional voluntarist system of industrial relations in Ireland (and the UK) will require comprehensive new legislative provisions to meet the requirements of the Directive. Having said that, the Directive leaves significant scope for member states to interpret and tailor the Directive to suit their own circumstances and preferences. For example, the 'timing, method and content' of consultation are merely required to be 'appropriate'. Also, certain aspects of the regulatory framework are left to the discretion of member states. Some of the key substantive issues for consideration in the drawing up of transposition legislation are set out in Box 3.3:

Box 3.3: Transposition issues pertaining to the EU Information and Consultation Directive in Ireland

- Should the government apply the law to the level of undertakings (with at least 50 employees) or the level of establishments (with at least 20 employees)?
- Should the government prescribe a 'standard model' or 'general framework' for information and consultation (e.g. a works council type structure) to be applied across all undertakings/establishments?
- How should the law define employees' representatives who are to be informed and consulted?
- Should the government simply replicate the information and consultation requirement outlined in Article 4 or should it exercise the choice of enabling 'management and labour' to negotiate arrangements which differ from the provisions of Article 4 but respect the principles outlined in Article 1?
- Will the legislation prescribe that structures be put in place or will it suggest that a 'trigger' mechanism be activated before the undertaking/establishment is obliged to take action?
- If there is a failure to agree a voluntary system (e.g. under Article 5), will there be a statutory fallback arrangement contained in the legislation?
- What/who determines whether information is confidential and under what conditions can management withhold confidential information?

Box 3.3/cont

- What sanctions will be available in cases of non-compliance that meet the criteria of 'effective, proportionate and dissuasive'?
- How will non-compliance sanctions be applied and enforced?
- If employees believe they have a grievance under the legislation, what process will they go through in order to seek redress?
- How will the legislation interface with existing provisions and practical arrangements already in place?

3.4 Implementing the Directive in the UK: framework regulations

The UK government recently published a second consultation document and draft regulations on the transposition of the Directive into UK law. The main features arising from the first stage of consultation emphasised that effective employee dialogue can help workers to be more responsive to, and better prepared for, organisational change. It was also felt that implementation of the Directive had to be handled with sensitivity so that good information and consultation practices could be maintained. Following discussions with the UK government, TUC and CBI, a framework to implement the Directive has been reached. It is proposed that the Directive will apply to undertakings with 50 or more employees. It is also evident that the UK government is seeking to promote a voluntary approach between employers and employees through negotiated agreements, rather than a reliance on statutory provisions. The essential features of the (draft) implementation framework for the UK are summarised in box 3.4.

Box 3.4: Information and Consultation Directive: UK (draft) Implementation Regulations

- An employer must establish information and consultation procedures where a valid request has been made by employees.
- Such a request must be made in writing by 10% of employees in the undertaking (subject to a minimum of 15 and a maximum of 2,500 employees).
- Where the employees making the request wish to remain anonymous, they can submit the request to an independent body (such as the Central Arbitration Committee, CAC).
- The employer would have the opportunity to organise a ballot of employees to endorse or reject the initial request.
- Where 40% or more employees endorse the request for information and consultation procedures, the employer must seek to reach a negotiated agreement with genuine employee representatives.
- Where fewer than 40% of employees endorse the request, the employer would be able to continue with pre-existing arrangements.

- An employer may also decide to initiate negotiations by notifying all employees (an employer notification).
- The parties have 6 months to reach a negotiated agreement (extendable by agreement).
- Where a valid request (or employer notification) has been made, but no agreement reached, statutory provisions based on Article 4 of the Directive would apply.
- Under statutory provisions, an information and consultation committee must be established representing all employees in the undertaking, by election of representatives through a ballot.
- The number of representatives would be proportional to the number of employees (1 per 50 or part thereof to a maximum of 25).
- The undertaking's management must provide the information and consultation committee with information on:
 - a) the recent and probable development of the undertaking's activities and economic situation;
 - b) the situation, structure and probable development of employment within the undertaking and on any anticipatory measures envisaged, in particular where there is a threat to employment; and
 - c) decisions likely to lead to substantial changes in work organisation or in contractual relations, including collective redundancies and business transfers.
- In relation to decisions under (c) above, consultation must take place with a view to reaching agreement on decisions.
- Information must be given in such time, and in such fashion and with such content as are appropriate to enable the information and consultation committee to conduct an adequate study and, where necessary, prepare for consultation.
- The employer and information and consultation committee may at any time decide to vary the statutory requirements by coming to a negotiated agreement.
- Where the CAC uphold a complaint for failure to comply, the complainant may make an application to the Employment Appeal Tribunal (EAT) for an order for the employer to pay a penalty to the Secretary of State.
- The legislation would specify a maximum penalty of £75,000.
- Failure to comply with an EAT order would be in contempt of court.

Source: High Performance Workplaces: Informing and Consulting Employees, DTI, London (http://www.dti.gov.uk/er/consultation/perf_work.htm).

Summary

This chapter has provided a brief explanation to some of the key transposition issues arising from the European Employee Information and Consultation Directive. In essence, there is ample opportunity to build on existing arrangements providing these mirror the spirit of information and consultation, as set out in various Articles of the Directive. Yet the Directive also signals a significant departure from the voluntarist tradition of information and consultation in Ireland, and in itself this represents a number of important challenges for the social partners.

The implementation of the Directive has already received significant coverage in the recent social partnership agreement, *Sustaining Progress*. The 2005 deadline for the first phase of implementation could reduce the sense of urgency. However, it would be a mistake to leave things until close to the initial deadline. Employers need to have sufficient time between enactment of the legislation and its entry into force to allow them to prepare for and adjust to any requirements. Given the potential significance of the Directive for the conduct of Irish industrial relations, it is crucially important that employers, unions and employees have as much notice as possible of the impending legal framework.

CHAPTER 4: RESEARCH METHODS

Introduction

This chapter presents a brief overview of the themes that guided the research, the case study contexts and the research instruments used. [Section 4.1](#) describes the research themes. [Section 4.2](#) gives details of the case study organisations. [Section 4.3](#) discusses the interview schedules.

The purpose of this research, which was commissioned by the Department of Enterprise, Trade and Employment (DETE), is to examine the factors surrounding the implementation of change, with a particular focus on the role of employee information and consultation. From a public policy and organisational perspective, this research will contribute towards the dissemination of 'good practice'. The findings will also help to inform Government about legislation that is required as a result of the recently adopted European Employee Information and Consultation Directive.

The team from the Centre for Innovation and Structural Change (CISC) at the National University of Ireland, Galway conducted the research. The project was also overseen by a Steering Group, which comprised of members from the Department of Enterprise, Trade and Employment (DETE), Labour Relations Commission (LRC), Forfás, and the National Centre for Partnership and Performance (NCP).

The research approach adopted for this project can best be described as qualitative, that is, using interviews as the main collection instrument. The main reason for this was the need to explore with respondents the specific aspects of change management, perceptions of existing information and consultation mechanisms, as well as any potential impact on change that results from information and consultation schemes used at each of the case study organisations. The objective is not to make comparisons between the case studies but rather to provide an analysis about the meanings and potential benefits of information and consultation for organisational change across the sample as a whole.

4.1 Research themes

Following a review of the relevant literature, the EU I&C Directive, and key issues of interest to the DETE, a number of themes guided the research. These included:

- a) The nature of change in each of the organisations.
- b) The range and scope of information and consultation mechanisms used.

- c) Senior managerial experience of, and views about, change and consultation.
- d) Union representative and employee experiences of, and views about, change and consultation.
- e) Practices that may facilitate change through information and consultation.
- f) The potential benefits (for organisations and individuals) from informing and consulting employees about change.

4.2 Case study organisations

A key issue was to obtain information from different sectors of economic activity. While the research team was responsible for identifying specific organisations and negotiating access, the steering committee specified a broad range of case study selection criteria. These included:

- Size (small, medium and large).
- Structure (single and multi-site operations).
- Systems of corporate governance (Irish and foreign-owned, public and private).
- Union and non-union organisations.
- Geographical spread across the Republic of Ireland.
- Different sectors of economic activity (e.g. retail, hi-tech, manufacturing, finance etc).

Of the 15 organisations that eventually participated, an equal number of potential organisations either refused to participate or withdrew at an early stage. Reasons cited for non-participation included business pressures and the sensitivity of the research topic in the current industrial relations climate. While the final list complies with the original specification, it is possible that the participant organisations agreed to become involved because they recognise the importance of information and consultation in the management of organisational change. However, as the purpose of this research is to explore current systems with a view to informing policy and practice, rather than reporting frequencies and trends, this is not considered to be a problem. Indeed, several of the organisations were experiencing difficult industrial relations and change issues, which added to the richness of the sample.

Three of the case studies are small stand-alone enterprises while four are medium-sized and eight are large organisations. The majority operate in the private sector with two in the public sector. Ten are classified as multinational companies, predominantly US-owned, although European multinational organisations are also included in the sample. Nine of the case studies are unionised, of which three operate a closed shop agreement for union membership and another four had formalised partnership arrangements. Six of the case studies are non-unionised organisations. As a whole, the sample covers a range of sectors that employ a variety of occupational categories. The sectors include retail outlets, hotels, financial services, manufacturing, distribution, hi-tech (medical instruments, computer hardware and software development), engineering consultancy and public sector. Within the sectors there also exist important niche market factors. In manufacturing, for instance, market influences varied by

product quality and innovation, technical change and international currency fluctuations. Four of the organisations were located in the Greater Dublin area, nine in the West and Midlands regions, and two in the South East. Eight of the fifteen case studies involved organisations located around the in Galway area. Recognising the possible bias that this introduces into the study, it is nonetheless important to note that the organisations which participated include both Irish owned and multinational, state organisations and plcs, large and small, unionised and non-unionised, and in many ways representative of similar organisations operating throughout Ireland. Background information on all the case study organisations is summarised in Table 4.2 with further contextual information provided in Appendix 1.

4.3 Interview Schedules

Interviews were conducted with a number of key informants at each organisation. These included a senior HR manager (or the most senior manager responsible for HR if no specific function existed), union or employee representatives where available, and employee focus groups. The number of interviews at each organisation varied depending on company size, union or non-union status and availability of respondents. On average, the employee focus group included eight employees while two union representatives were often available. In some cases partnership facilitators were interviewed. The unit of analysis was essentially the workplace visited, although at the Western Health Board the research instruments were replicated at three different locations at the request of management. Similarly, at Tesco Ireland, two focus groups were conducted, one at head office and one at a branch store.

Three separate semi-structured interview schedules were designed in line with the research themes mentioned earlier; one for each of the three respondent groups (HR managers, union/employee representatives, and employee focus groups). Each interview schedule covered a set of questions under five themes, as shown in table 4.1

Table 4.1: Research topics and interview schedule themes

TOPICS AND THEMES	INFORMATION SOUGHT ON THE FOLLOWING ISSUES
<i>Background information</i>	The nature and history of the business; ownership; numbers employed; general workforce characteristics; locations; central or decentralised managerial structures; market influences; and general human resource policies.
<i>The nature of change</i>	The type, nature and rate of change; the significance of change issues according to each respondent group; aspects of planning and implementing change; and the dissemination of information and consultation about change.
<i>The meaning and scope of information and consultation</i>	This included respondent understanding of the terms information and consultation; the range of mechanisms used; management objectives for informing and consulting employees; and comparisons between respondent groups according to meanings and interpretations.

<i>Benefits and obstacles to information and consultation</i>	Respondent perceptions of the potential impact of change as a result of information and consultation mechanisms; an examination of potential anomalies between policy and practice; and potential obstacles to informing and consulting employees.
<i>Awareness of the EU Directive on Information and Consultation</i>	The final section was designed to ascertain organisational awareness of, and views about, the requirements of the EU Directive on Information and Consultation

Summary

This chapter has provided a brief outline of the research instruments and methods used for this project. The use of a semi-structured interview was deemed most appropriate given the type of information sought from the different respondents. In most of the organisations the interview data was supplemented with a variety of documentary sources, such as company publications, annual reports, union publications and general HR policies. These research methods allow for a deeper probing of respondent experiences and contextual understanding as to why things are as they are in each organisation, though they do have limitations in terms of time and coverage of organisations across the economy as a whole. However, the spread of sectors of economic activity, levels of unionisation and non-unionisation, size, occupational classifications and governance structures in our sample provides an important and insightful picture that may not be obtained from survey data or single sector case study research.

Table 4.2: Case Study Organisations: Summary Profile

Organisation	Total Numbers employed (in Ireland)	MULTI-NATIONAL / FOREIGN-OWNED	SME	Unionised	Sector	Background Context
AXA Ireland Ltd	300,000 (800)	✓		✓	Finance	AXA is a French-owned, global financial services organisation employing 300,000 people in 160 countries worldwide. AXA Ireland Limited employs 800 people and is primarily an insurance company formed in 1999 from a take-over of the previously merged PMPA and Guardian Royal Exchange. The HQ of AXA Ireland is in Dublin with 33 branches nation-wide.
Abbott Cardiovascular Devices	70,000 (160)	✓			Hi-Tech/Health	Abbott is a US-based multinational health care company developing pharmaceutical and medical products. In 2002, Abbott acquired the Galway based Biocompatibles company with 160 employees. Abbott currently employs over 70,000 people world-wide.
Bord Gáis Éireann	750			✓	Public	Bord Gáis Éireann is responsible for the supply and distribution of natural gas in Ireland. The company was established under the 1976 Gas Act, which brought together several different companies and regional utility suppliers. In the mid-1980s the company employed around 3,000 people and today it employs around 750.
Diageo PLC (Guinness)	80,000 (3,500)	✓		✓	Distribution / Food & Drink	Guinness is one of Ireland's oldest and most respected institutions. In 1997 Guinness joined Grand Metropolitan to form Diageo PLC (also including Burger King, Pillsbury and Seagram). In Ireland the company currently employs 3,500 people.

Hewlett Packard	145,000 (4,000)	✓			Hi-Tech / Hardware	Hewlett-Packard is an American-owned global corporation specialising in the manufacture of computer hardware. In May 2000 HP acquired Compaq (formally Digital). The company has four sites in Ireland, employing about 4,000 people.
Medtronic AVE	28,000 (1,500)	✓		✓	Hi-Tech/Health	Medtronic was founded in 1949 as a leading pioneer of the first implantable pacemaker. The company is currently structured into four stand-alone business divisions, which together employ 28,000 people, with 1,500 employed at the Irish facility.
Multis Group Ltd	60		✓		Hi-Tech/ Software	Multis Group Ltd is a knowledge-based company specialising in reengineering, re-manufacturing, re-marketing, reclaiming and disposing of out-dated computing equipment. Established in 1994, Multis is the only company of its type in Ireland and partners some of the big names in computer technology (Compaq/HP and Sun Systems). Based in the West of Ireland, the company also has a location in Holland.
Musgraves Group Ltd	15,000			✓	Wholesale distribution	Musgraves Group Ltd is one of the largest privately owned companies in the state. It is a major international wholesale distribution company employing over 15,000 people directly and indirectly through its franchise network in sites across Ireland, the UK and Spain. The company distributes products on a wholesale basis to contracted retailers such as Supervalu and Centra.
Radisson SAS	410	✓			Hotels	Radisson SAS opened its first Irish hotel in Dublin in 1998, and now has two hotels in Galway and Limerick. Construction is underway in Letterkenny and Belfast. The Radisson SAS Hotel in Galway opened in 2001 and employs about 200 people.
Tesco Ireland	280,000 (10,000)	✓		✓	Retail	Tesco Ireland is a subsidiary of Tesco PLC, a UK-based multinational that operates almost 1,000 retail food stores in nine countries in the EU, central Europe and Asia. In 1997 Tesco acquired 76 stores in Ireland that traded under the name of Quinnsworth, which accounted for about 23% of the retail grocery market and employs 10,000 people in Ireland.

Thermoking	35,000 (1,200)	✓		✓	Manufacturing	Thermoking was founded in 1938 in Minnesota. The Galway operation was established in 1976, manufacturing refrigerated truck and trailer units for the transportation of food products. In 1997, Ingersol Rand acquired TK. Eight Thermoking plants were closed world-wide. In Ireland, the Dublin plant closed with the loss of 280 jobs. Production moved to the Galway facility, which currently employs around 1,200 people.
Tobin Ltd	98		✓		Consultancy	Tobin was founded in 1952 as a family firm of civil engineers. Today the company trades as consultant engineers on both civil and structural projects. It currently employs 98 people, mostly professional staff (civil and structural engineers and technical staff), with a small number of support and clerical employees.
Waterford Crystal	9,000 (1,500)	✓		✓	Manufacturing	Waterford Crystal was established in 1783 manufacturing handcrafted glassware, and is now part of the Waterford Wedgwood groups. Waterford Crystal has experienced a turbulent history, with pay freezes and union disputes. At the time of the study WC is represented in 80 countries world-wide with a combined workforce of over 9,000. There are about 1,500 at two sites in Ireland.
Western Health Board	7,500			✓	Public	One of 20 health boards nation-wide, the Western Health Board provides health, welfare and personal social services to people in the counties of Galway, Mayo and Roscommon. The WHB employs 7,500 people across the categories of applied health professionals, maintenance/technical, management/administration, medical/dental and nursing & support services.
Woodlands House Hotel	125		✓		Hotels	Woodlands House Hotel is a family-owned 3* graded hotel. It first opened as a bed and breakfast in 1973. The hotel now has a restaurant, bistro, pub, banquet and conference facilities and a leisure centre. The hotel employs 125 full-time employees.

CHAPTER 5: THE MECHANISMS FOR INFORMING AND CONSULTING EMPLOYEES

Introduction

This aim of this chapter is to report the type of information and consultation mechanisms used at the 15 case study organisations. The type of mechanisms reported in this chapter suggests that a solid foundation exists on which the EU Employee Information and Consultation Directive can build. From the data in this chapter, three important messages emerge from our analysis. The first is that the effectiveness of change is often associated with using a mix of direct and indirect mechanisms. Where both types of mechanisms are used, they prove to be mutually reinforcing. The second is that change and consultation appear to be more fruitful when there is commitment from the top of the organisation. It is more likely that employees and union representatives regard information and consultation as genuine and sincere when there is support from senior managers. It is this sincerity that can help promote transparency about change. The final message is the importance of informal arrangements that underpin formal structures for dialogue. While formal mechanisms (albeit of different types and to varying degrees), are well established in all of the case study organisations, the importance of informal networks, as a lubricant to the workings of the formal system cannot be overstated.

Section 5.1 discusses the range of one-way information communication mechanisms that we found in our study organisations. **Section 5.2** looks at two-way communication mechanisms. **Section 5.3** outlines the role of informal mechanisms for information and consultation. **Sections 5.4 and 5.5** look at direct and indirect consultative mechanisms respectively.

5.1 One-way information communication mechanisms

The combination of techniques to inform and consult employees varies considerably across the sample organisations, in terms of type (direct and/or indirect), scope of issues and whether they operate at the enterprise or establishment level. The full range of mechanisms is shown in Table 5.1, with an explanation and analysis of these provided throughout this chapter.

One-way communications essentially comprise a variety of similar techniques, including emails, notice boards and newsletters. The use of **electronic** methods to communicate to employees is prevalent across the different organisations, both small and large, and single and multi-site operations. This is also evident for different occupational categories, although more common for clerical and office-based jobs. While professional and clerical employees, as expected, have greater access to such information technology, electronic media such as email and electronic communications are also common in about half of all the companies that employ substantial numbers of manual and production workers.

Box 5.1: Using electronic media to inform and consult employees at Bord Gáis

Following a series of changes in relation to work restructuring, new grading and the use of sub-contracting labour, gas fitters and contractors at Bord Gáis now access on-line technologies to upload and download information from management on a regular basis. Examples include day-to-day work schedules, job details and external contractor information. This was unthinkable a few years ago, and productivity efficiencies seem to have benefited both the organisation and employees concerned in terms of work patterns and time management activities.

Newsletters and **bulletin boards** are common in about three-quarters of all organisations, although these differ in terms of quality, scope and the type of information communicated. At Tesco Ireland, for instance, *Team Spirit* is an eight-page newsletter published quarterly and includes items of general interest, such as recent appointments, charity efforts and human-interest stories. At the Radisson SAS Hotel local (*Grapevine*) and group-wide (*Hotline*) newsletters are published on a monthly basis. Employees regard *Grapevine* as particularly valuable as this conveys a great deal of local information, including news of new appointments, promotions and social events.

5.2 Two-way communication mechanisms

However, the use of one-way communication channels was less significant than *two-way systems for informing employees*. **Staff briefings** (typically at departmental or team level) and **individual appraisals** feature as the main forms of two-way communication. Even in the smaller organisations, such as Tobin's and Woodland House Hotel, the appraisal system provides employees with a structured opportunity to discuss personal and company matters with management. **Employee focus groups** appear to be a more recent development and are evident in half the sample, as shown in Table 5.1. At Bord Gáis, human resource groups evaluate new policy areas such as pension harmonisation and flexible working arrangements across the company. Similarly, at Medtronic, employee focus groups are used to provide dialogue on corporate and human resource policy issues. The rationale is based on the belief that 'people will respond to a challenge only if they see their own input afterwards'. To translate this challenge into practice, employee focus groups at Medtronic are given the task of making recommendations to management on current and emerging issues. Recent examples include results from the employee attitude survey, with employees examining current practices in the areas of financial reward, staff recognition and future training opportunities. The benefits include a spectrum of stakeholder views as well as helping generate a sense of ownership of the eventual outcomes. These employee focus groups are significant because they are examining a range of issues that would normally be reserved for management or confined to a strict adversarial bargaining agenda.

Although **staff suggestion schemes** are used infrequently among our sample, in those organisations that did use them they are considered in a positive light. At the Woodlands House Hotel, a small family-

owned enterprise, prizes are given to employees for the best idea of the month. While several organisations reported that they have an open door policy to encourage staff to make suggestions for improvements, few organisations formalised these into any specific scheme with defined employee rewards.

5.3 The role of informal mechanisms for information and consultation

Underpinning these formalised mechanisms is a high degree of **informality** that can facilitate change and information sharing. As might be expected at the smaller enterprises, informal relations between employee and employer are a prominent feature. At Tobin's and Multis Ltd, interactions in the coffee room and through social activities outside of work are important channels for sharing information. This is in line with the professional nature of such knowledge-based and consultancy occupations, where employees may spend long periods of time away from the office on client projects. In such organisations, social bonding and networks are key sources of information exchange. Even at the larger organisations, such as Hewlett Packard, Medtronic, Guinness or Thermoking, informal communications on the shop floor are equally important. At Medtronic, informal dialogue features as an important lubricant to the formalised systems of information and consultation. For instance team managers communicate and explain change issues to employees as and when they arise, often through general chats around the office or on product lines.

While informal employment relations are often regarded as spontaneous and organic, other organisations in our study plan social events as a way to encourage informal dialogue between employer and employee. At one Tesco store a local social club (that pre-dates the acquisition of the Quinnsnorth by Tesco) committee collects €1.50 per week from each store employee to organise social events that everyone attends including the senior management team. The management at Radisson SAS sponsors a monthly birthday party for all employees whose birthday falls within that month, with other employees and managers invited. The General Manager sees this as an opportunity to update staff and to chat informally about hotel business.

Box 5.2: The dynamics of informality at Multis Ltd

Started in 1994, Multis Group Ltd specialise in re-manufacturing, re-marketing, reclaiming and disposing of outdated computing equipment. Although employing only 60 people, the company has a global market presence. Many employees are highly qualified and experienced technicians and their knowledge is one of the company's core assets. Information and consultation with staff is regarded as critical to commercial success. For day-to-day operations, employees exercise a high level of discretion in the conduct of their work. As one might expect of a small company that also employs a highly educated and professional workforce, employees express their views on a regular basis. Meetings take place daily and involve teams, sections, departments or even the whole workforce. The MD holds regular breakfast meetings with the objective of involving people in discussions about the business. The whole philosophy

is aimed at getting suggestions on how to do things better. There are tri-annual social events and regular golf outings. Project teams develop ideas from employees that management may decide to adopt further. Overall, people get involved because they value the challenge that the company provides and the informal, open culture that exists in such a small social setting.

The role of informal dialogue is also important in building positive union-management relations. Several managerial and union respondents explained that day-to-day 'chats' on the shop floor serve as an important filter for information and knowledge about what's going on. Such informality was regarded as an essential prerequisite to the effectiveness of more formal structures, such as union-management negotiations or joint consultative committees. In many ways, informal dialogue acts as a conduit in developing the tacit skills and knowledge of practitioners responsible for communicating, consulting and negotiating about important change issues. At Thermoking, the use of informal dialogue was of particular value given uncertainty about the plant after a take-over by Ingersol Rand. And at Medtronic, the relationship between the HR Director and SIPTU shop steward benefits from informal dialogue, helped by the fact that both have worked together through both challenging as well as successful times.

Table 5.1: Information and consultation mechanisms used

Case study organisations	Information (direct)						Consultation						
	One-way communication		Two-way communication				Indirect consultation					Direct consultation	
	Electronic Media (e.g. intranet)	Newsletters / bulletin boards	Staff briefings	Employee focus groups	Suggestion schemes	Individual appraisal	JCC	Negotiation	EWC	Use of 3 rd party intervention	Formalised partnership forums / committees	Attitude surveys (annual or bi-annual)	Workforce / site wide meetings
AXA	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Abbott C.D.	✓	✓	✓			✓	✓					✓	✓
Bord Gáis	✓	✓	✓	✓			✓	✓		✓	✓		✓
Guinness	✓	✓	✓			✓	✓	✓		✓		✓	✓
Hewlett Packard	✓	✓	✓	✓		✓		✓				✓	✓
Medtronic AVE		✓	✓	✓		✓	✓	✓				✓	✓
Multis	✓	✓	✓	✓									✓
Musgraves		✓	✓	✓				✓				✓	✓
Radisson SAS		✓	✓									✓	
Tesco Ireland		✓	✓				✓	✓		✓	✓	✓	✓
Thermoking		✓	✓		✓	✓	✓	✓	✓				
Tobin Ltd	✓	✓				✓							✓
Waterford Crystal	✓	✓	✓	✓	✓		✓	✓					✓
Western Health Board	✓	✓	✓	✓			✓	✓		✓	✓	✓	✓
Woodlands House Hotel		✓	✓		✓	✓						✓	

JCC – Joint Consultative Committee (e.g. union and management)

5.4 Direct consultative techniques

The right hand side of Table 5.1 reports the range of employee consultative mechanisms used, as distinct from information or communications. Of these, **attitude surveys** and **workforce meetings** are the more prominent *direct consultative techniques* employed among the sample case studies (in just over half and two-thirds respectively). In the multinational organisations, attitude surveys are controlled and administered by the corporate headquarters. In many of these larger organisations the results are fed back to different sites, with data disaggregated by a variety of factors (location, occupational category, group and functional level). It was clear that in most organisations, senior management maintains control over the surveys, in particular the design of the questionnaires used and the issues on which employees comment. In this regard, employee feedback in the form of an attitude survey remains confined to those areas deemed appropriate by management.

5.5 Indirect consultative mechanisms

The *indirect consultative mechanisms* reported in Table 5.1 are generally more consistent with those definitions of consultation considered in Chapter two, and contained in the EU Directive on Employee Information and Consultation, in particular the exchange of views and establishment of dialogue between the employees' representatives and the employer. Again, a variety of methods are employed among our sample, and the extent and nature of these varied quite considerably between organisations.

Joint consultative committees and **collective bargaining (or negotiating) bodies** are used in half of the case studies, and these typically include large, unionised and multi-site organisations. The way that these systems operate varies considerably. In Waterford Crystal, for example, there exists multi-level negotiating and joint consultative forums. At Thermoking one committee carries out both the negotiating and joint consultative roles. This is supplemented with a shop steward only sub-committee that reviews specific issues and change plans (with the support of management). This is regarded as a valuable source of information gathering for the shop stewards prior to negotiating with management. Although the range of issues and levels of consultation are less extensive in Thermoking than at Waterford Crystal, all major terms and conditions are included.

Box 5.3: Multiple levels of collective consultation at Waterford Crystal

Waterford Crystal is a company with a long and much publicised history. After a series of strikes, recent staff reductions and changes in ownership, the company has transformed itself from an almost bankrupt organisation to a pioneer of change and innovation amidst market adversity. One of the key ingredients

in this change process is the effectiveness of a joint problem solving approach. Four main collective management-union tiers exist.

The main bargaining agent is a **Joint Negotiating Committee (JNC)**, which meets on a weekly basis. This includes the site union representatives, full-time union official, senior management team and directors.

Underpinning this is a high level **Monitoring Group**, which also meets on a weekly basis. The objective of this group is significant in relation to the implementation of change. Senior union representatives and directors consult over a wide range of issues, including commercially sensitive information. This helps to build trust and the informal exchange of views acts as a sounding board prior to formal joint negotiating meetings. The benefits for these respondents are that this facilitates 'open, genuine and constructive' dialogue.

A series of collective **Task Groups** are comprised of union and management members. These meet on a regular basis and consider information such as production schedules, shipping quantities, quality issues and costs.

All these bodies are supported by **Sectional Consultative Committees** made up of union and management representatives from different parts of the plant. Taken together, each level supports the next with the voice of stakeholders— from the shop floor to the board room— an integral component of a robust decision-making process.

The situation at Abbott Cardiovascular Devices is significantly different because it is the only non-union subsidiary that employs a joint employee-management forum. Health and safety, environmental and social issues are discussed by committees comprised of managers, staff and production operatives. Process optimisation meetings are an interesting innovation because they are an important source of ideas to improve process quality and contain costs that do not initially involve management, even though the range of issues open for consultation appeared to be less extensive than those reported above.

Box 5.4: Participating in the process of change at Woodlands House Hotel

At Fitzgerald's Woodlands House Hotel, employees are not only informed of change, they are actively involved in developing the ideas that make it happen. Ideas are generated from the 'bottom up' at weekly departmental meetings. Interdepartmental teams of managers and workers meet fortnightly to process ideas on specific themes. Organisational meetings are conducted bi-monthly to plan for the implementation of 'best practices' or the removal of obstructions that block progress. Involvement in the process of change has become a regular workplace feature for employees at the Woodlands.

The use of **European Works Councils (EWC)** has been of particular interest in recent years, not least because of the pace of foreign direct investment in the Republic of Ireland. Both the structure and

dynamics of these pan-national forums varies considerably among our case study sample. Some companies use the term EWC while others adopt their own internal names, such as European Dialogue Forum. Four of the unionised organisations and one non-union company operate a EWC. In the latter situation, management favour more direct and individualised methods for information and regard the EWC as a legal requirement. In contrast, at one of the unionised manufacturing companies in our sample, a contested election resulted in a line manager being voted as the EWC employee representative. In other companies with both union and non-union employees, seats are reserved for both the union steward and non-union employee representative. Of equal significance is the depth of issues available for consultation at these forums. Both union and non-union employee representatives reported that the depth of information and the extent of consultation seem to be strictly guarded by (corporate/global) management. Moreover, the information tends to flow in one direction. Employee representatives are given little if any opportunity to raise issues of concern among their constituencies.

The use of **third-party intervention** as a consultation tool is valued by four of the larger organisations in our sample, two of which are in the public sector. These public sector organisations seemed to have a tendency to utilise the services of the Labour Relations Commission (LRC) and/or Labour Court to a greater extent, although the precise number of referrals varies from year to year. While these bodies primarily deal with potential disputes and mediate on areas of possible conflict, the advisory services of the LRC were instrumental in bringing about change at both public sector organisations. At Bord Gáis, for example, LRC letters are made available to all staff, adding a high degree of transparency to possible change initiatives. Other respondents (managers and union representatives) explained that the quality of information and consultation can be significantly improved when the processes are facilitated by such advisory bodies. For example:

We use the expertise of the LRC... and that then helps us use internal mechanisms for the majority of things. The thing is we know we'll disagree and there will be conflicts of interest. What we now know is where we can deal with them in our structure.

HR Manager

Many of the organisations we visited emphasised the importance of partnership arrangements between management and unions, although only four had a formalised **partnership system** at the workplace level. It is significant that among organisations in our sample, partnership co-exists with rather than replaces traditional adversarial industrial relations. Indeed, respondents frequently referred to *partnership* and *industrial relations* as two distinct and separate systems. In one public sector organisation, for instance, a round table forum and a variety of partnership committees exist on the basis of 'consensus decision-making'. If areas of disagreement arise, then the issue is passed over to the industrial relations system for consideration and resolution.

The principle of partnership at these organisations tended to be enacted via the National Framework Agreements on Partnership (e.g. PPF, Partnership 2000). Yet there also existed more detailed and pragmatic arrangements at enterprise level. One agreement outlined the parameters of partnership by providing management with key change freedoms including, *inter alia*, staff numbers, rationalisation, technology and flexibility provided that certain consultative mechanisms are followed. While collective bargaining and negotiation remain central to change, these partnership agreements define what can and can not be dealt with through consultation. For example, at Bord Gáis, human resource focus groups can evaluate policy in thirteen key areas without recourse to long-drawn-out procedural negotiation (these include: health and safety, induction, smoking, employee assistance programmes, equal opportunities, retirement, sexual harassment, job rotation, job sharing, employee development, service recognition, redeployment, bullying and harassment). Significantly, this separates partnership items from traditional adversarial industrial relations and promotes a joint problem-solving approach. As one managerial respondent explained:

We haven't gone with all the 'bells and whistles' of the partnership stuff. Partnership is almost a talking shop when we know we will have full-blown fall-outs. No one is fooling each other. We take the time to have agreements. They paint the road ahead. They help get the support of staff because they have something that tells them what's involved.

While there are reported benefits from partnership and joint consultative arrangements, to imply they are unproblematic is only part of the story. In particular, shop stewards and employees expressed a number of concerns about the use of these arrangements, especially the role of management in controlling the partnership agenda. For example:

To date [the partnership agreement] seems to be used to solve management issues and the union side don't seem to be bringing much to it or getting much out of it. It's being used as another way to solve problems.

Union Steward

While all of these systems for collective consultation are unique and complex in their own right, a key factor in assessing the effectiveness of such consultative mechanisms is the existence of independent representation. This means that employee representatives appear to provide more effective contributions when they engage with management in a genuine and open manner that welcomes critical and constructive responses to managerial decisions.

Box 5.5: The transparency of information and consultation at Guinness

At Guinness, ninety-five percent of employees, including many senior managers, are trade union members. Direct and indirect mechanisms of information and consultation co-exist in a clear and transparent way. For example, employees meet with their supervisors four times per year. Performance-related pay links the employees' reward with their performance appraisal. The Guinness Staff Union

supports this system as long as it is 'honest and transparent' and gives employees the chance to challenge their manager's opinion.

Summary

This chapter has outlined the range of information and consultation mechanisms used in the case study organisations, categorised in relation to the direct and indirect nature of information and consultation schemes. The chapter has also sought to recognise the diversity and appropriateness of certain methods to a given organisational context. Of particular significance across many of our case studies is the importance and integration of both direct and indirect schemes. As might be expected, the smaller firms appear to rely on direct mechanisms, as do the non-unionised establishments. While the unionised organisations value collective systems of consultation and negotiation in facilitating change, newer and more individualised channels of information also coexist alongside these quite comfortably. Indeed, it appears that direct information methods complement collective mechanisms to consult employees. It is also apparent that to obtain employee views and input requires support from senior managers within an organisation. Otherwise, schemes run the risk of being viewed as ad hoc, bolted-on and lacking in sincerity.

Based on the data collected from our case study organisations, there is no general information and consultation mechanism that ensures all stakeholder satisfaction. However, the quality and appropriateness of the mechanisms used to inform and consult employees is important. From this it can be noted that mechanisms used are likely to be more effective when stakeholders contribute to their design. Also, the quality and appropriateness of those mechanisms to a given organisation is much more important than quantity. Finally, the chapter has reported that informal relations act as an important conduit to the effectiveness of information and consultation mechanisms. Above all, informal dialogue helps build trust and provides the space for more fruitful relationships to develop.

CHAPTER 6: THE MEANING OF INFORMATION AND CONSULTATION

Introduction

Given the variety, and at times confusing, set of definitions associated with information and consultation outlined in Chapter 2, the aim of this chapter is to contextualise how respondents ascribed meaning and understanding to these different terms and practices. The meanings for the different terms varied quite substantially across our case study organisations. Section 6.1 discusses some of the differences between managers' and employees' definitions and expectations. Section 6.2 focuses on management responses, and Section 6.3 goes into more detail on the perceptions of employees. Section 6.4 presents in diagrammatic form the location of most respondent organisations on the information and consultation continuum.

6.1 Information and consultation: a question of definition?

Just as in the practitioner and academic literature, our case study data shows that a range of different terms are used to capture the ways in which employees gain information and have a say in matters affecting them at work. Significantly, the meanings ascribed to different (and even similar) terms are more than semantics. They convey very powerful messages to workers about the importance — strategic or otherwise — of certain information and consultation practices.

Almost all managers related information and consultation to a form of communication strategy used in their organisation. In contrast, the majority of employees and shop stewards explicitly distinguished between information and consultation as separate processes. Only a few respondents identified with the term 'employee voice', and this tended to be illustrated with examples of a mix of both direct and indirect mechanisms, such as team briefings, appraisal systems and/or joint union-management committees. In the main, managers generally felt that providing a voice to employees was a valuable and legitimate business practice, although many employees and their representatives tended to be more sceptical about the depth and extent of their voice. For example, the following quotes are indicative of the sort of disagreement among respondents, even in the same organisation:

Employee voice is critical for this business. In order to perform you have to have your people on board. That means offering them a package of pay & benefits & challenge. Consultation feeds in to the challenge aspect of the job.

Manager

No! [Employee voice] used to be important but not now. Employees don't have an input. They might say something but they're not going to change anything in the company. No way!

Union Representative

6.2 Managers' views on terminology

In comparison with the five meanings of employee voice reported in the Marchington et al. (2001) study¹, only two of these were explicitly replicated among our managerial respondents: that voice was regarded mainly as a form of *communication* and/or providing employees with the opportunity to *have a say*. Managers in our sample most frequently spoke about voice meaning a form of internal *communication* but not necessarily an *exchange of views*. They often qualified the idea of consultation as providing *the opportunity for dialogue*, although this fell short of allowing employees *the right to a say* in matters that affect them. The concept of *empowering* employees was also evident among our sample, and to some extent this was similar in tenor and style to *engagement and feelings* of involvement reported by Marchington et al (2001).

Collective representation explicitly meant consultation, negotiation and/or partnership arrangements among the larger and highly unionised case study organisations. Significantly, for managers these meant much more than the existence of a formal agreement or a negotiating body. In practice, these terms meant building relationships and working with employee representatives beyond any formal meetings. Managers frequently spoke about the importance and value of 'managing union relationships', 'keeping the unions on side' and 'making partnership work'.

In the non-union, and in particular American-owned multinational companies, the very words used also conveyed important messages about the meanings ascribed to information and consultation. For some managers the term 'consultation' was viewed as a threat to managerial decision-making. At one non-union organisation, the HR Director explained:

Information and consultation are not terms that would be used [here]. It's about employee communication and employee involvement and empowerment.

At one of the large, Irish-owned multi-site and unionised firms, similar sentiments were expressed. For example:

¹ These included: **communication/exchange of views; upward problem-solving; collective representation; engagement; and say about issues.**

Consultation is not a term that the company would use, but two-way communication and employee voice is considered very important for this business.

HR Manager

When collective forms of consultation were discussed, managerial respondents again emphasised that it is the role of management to make decisions and it is managers who decide the level of consultation. For example, at two Irish manufacturing facilities, the HR Managers commented:

Consultation means dialogue, but in reality dialogue is not seeking agreement.

We negotiate to an extent ... [the] company tries to take on board and reach a resolution if the workers are not happy, but the final decision rests with management.

6.3 Employee understanding of terminology

In contrast to managerial respondents, employee and union representatives were much more explicit in drawing distinctions between the different terms. Almost all workers related the terms 'voice' and 'information' to communication systems of one sort or another, principally the channels that existed to receive information from their employer. While consultation was in theory understood to be a term that meant dialogue, exchanging views, providing an input or having views listened to, for most employee and union respondents such dialogue was believed to be shallow and restricted in scope. An employee of a US-based multinational observed:

Ideas that cost a lot of money are unlikely to be approved. If it fits into the budget, there is usually [managerial] backing. If it leads to delays, it will also be shot down.

The following comments taken from an employee working for a European-based multinational illustrates the point that information sharing, rather than consultation, is the principal *modus operandi*. Significantly, this occurs at the later implementation rather than earlier planning stage:

Employees are informed rather than consulted. Depending on the type of decision, we may be told what has to be done and can decide how to do it.

Employee

This was also evident across both large and small organisations, as one employee from a small firm commented:

[The] mechanisms to obtain information are not consultation ... information tends to be disseminated selectively.

Employee

Union stewards felt that consultation appeared to ratify decisions already taken by management elsewhere in the organisation, which in some cases meant the corporate or global headquarters. For example:

We have consultation but it's consultation after management decide what they're doing.

Union Steward

On a related point, workers in several organisations expressed the view that access to information, and the extent of consultation, depended on their immediate supervisor. That is to say, workers recognised that some managers are more willing to consult than others:

Ideas are acted on if your direct line manager moves it on. It goes into a briefing document. You know whom it goes to and what decisions are made, even if the decision is negative.

6.4 Locating organisations on the information and consultation continuum

Taken together, this data suggests that the discourse surrounding information and consultation would point towards a lower level of consultation. In terms of Blyton & Turnbull's continuum explained in Chapter 2 (Figure 2.1), most organisations in our study fall somewhere between the second and third point on the scale:

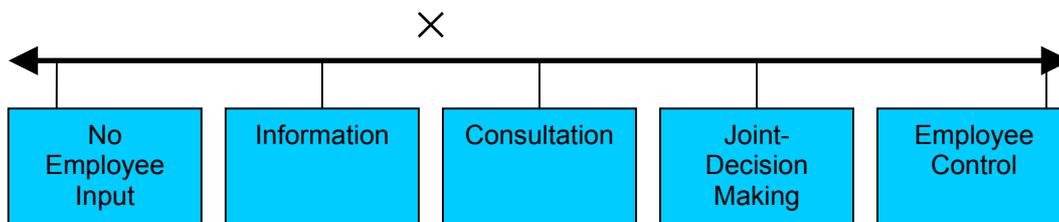


Figure 6.1: An applied continuum of employee involvement

Summary

The purpose of this chapter was to capture what some of the terms used to convey concepts of information and consultation actually meant, and how they were defined and understood at each of the case study organisations. For managers, different information and consultation terms often meant some form of employee communications. For workers and union representatives, a number of concerns were expressed about what consultation actually meant in practice. It is thus important to recognise that different and even similar terms are interpreted in very specific ways, and such interpretation is more than a question of semantics. How respondents understand these terms and what they mean in their respective organisational setting is likely to influence how different stakeholders implement policies.

Chapter 7: Facilitating change through information and consultation: some benefits and obstacles

Introduction

This chapter assesses the impact of information and consultation on the management of change. This is done in two ways. **Section 7.1** assesses the main benefits identified at the case study organisations in terms of various information and consultation techniques, and **Section 7.2** comments on some of the main obstacles to facilitating change through information and consultation.

7.1 The benefits of information and consultation

Assessing cause and effect is difficult in any study. To begin with, it is difficult to compare different organisations because information and consultation systems vary significantly. Also, in every organisation, there are other HR policies that mediate the implementation of change in different ways. Further, change can fail for circumstances that are beyond the organisation's control. Many of the changes encountered at our case study organisations included mergers, company acquisitions, the outsourcing of jobs as well as changes to working practices. In most of these situations, management did not necessarily value the contributions of workers in advance of the substantive decision to be implemented. Generally, the more transformational a change outcome, the less likely it was that consultation would occur, even though information was generally disseminated to employees. Not always though — in one organisation, employees heard about financial cuts through the media without prior information from their employer. However, when a change initiative was of an incremental nature and directly related to the employee's job, or it would change an existing union-management agreement, then management valued the contribution of employees and/or their representatives in making a decision.

Another difficulty is isolating cause and effect on the relationship between change, and information and consultation. In many of these companies, some changes were planned centrally while others were decided at a local level. When policies were derived centrally, it was difficult for either managers or employees to adopt 'ownership' because the change was effectively imposed from above. On issues that were decided locally, managers were able to inform and consult with employees, and on

these occasions the processes for implementing some types of change were more consultative than others.

The business case for information and consultation

It is also apparent from our data that information and consultation works. Theoretically, employees are more likely to buy into the idea of change if they feel they have contributed to a particular initiative, while at the same time employers can capitalise on the business gains from tapping into employee ideas. This is borne out to some extent among our sample, albeit with important variations depending on the level and type of change.

With regard to these variations, information and consultation were essentially wrapped up with notions of **business efficiency** according to managers, rather than any moral belief that workers have the right to a say. In many of the larger organisations, the mechanisms used to inform and consult employees have changed quite significantly in recent years. What this suggests is how dynamic and productive information and consultation mechanisms can be when related to a change programme. At Waterford Crystal, for example, shop stewards who are members of the high-level monitoring group, have access to commercial and sensitive information. Although management had some initial apprehensions about this, they now value the input of shop stewards and have no fears about disclosing economic data. At Waterford Crystal the sharing of information led to improvements in quality systems, shipping methods and packaging procedures. Similarly, in AXA the range of issues open for discussion on the consultative forums has changed dramatically in recent years and now includes business as well as work related matters.

In the beginning Voice was a talking shop and wasn't being listened to. That's all changed. Now it has a meaningful outcome and Voice meetings tend to deal with business issues: what are we doing new; what's happening in the business; what can be changed.

Manager

At Medtronic the links between informing and consulting employees were significant in developing a workforce that was more flexible and responsive to market pressures, particularly in adapting to new technologies, product quality issues and work scheduling:

People need to personalise what is happening in the market place. We need to share information for that to happen. We have [obtained] a lot of benefits from phased job changes... The result is a flexible workforce.

Manager

The claim that systems for informing and consulting employees can improve business efficiency was also important among the smaller organisations in our sample. At Tobin's, for instance, civil engineers have a high degree of discretion in their work roles that allows them to change client project details. At both hotels in the sample, the dissemination of information to employees was regarded as crucial to customer (guest) satisfaction. At Multis, the MD periodically holds informal breakfast meetings with staff where they can discuss and contribute towards business issues. Although management does not always adopt their ideas, it is important to employees that their contributions are sought, recognised and seriously considered. For example:

Management are good at a few things, keeping everyone up-to-date about proposed changes, providing everyone with a chance to comment and responding to suggestions from employees, even if it was to say they were not taking them on board and why.

Box 7.1: Employee information and customer satisfaction at the Radisson SAS Hotel

The Radisson SAS Hotel in Galway is open 24/7. Employees commented that 'in honour of the guest' they need easy access to a variety of information to answer customer queries. Employees came up with the idea of a 'pocket card' printed for Galway Race Week listing the dates, times and venues of all major events in the hotel and in the city. The staff agreed that in spite of the difficulties of working long hours, different shifts of employees informed guests in a consistent and effective manner during very busy periods.

Although precise quantifiable impacts are both difficult to evaluate and validate in a study of this nature, respondents were confident that informing and consulting with employees generally improves the effectiveness of business. At times managers were vague in supporting this ideal, yet there is a high degree of general confidence to this finding given the reciprocal identification of these benefits among employees (even when management failed to take on board employee views). For the most part, employees knew why managers had taken certain decisions even if they disagreed or remained dissatisfied with the outcome. For many managers, consensual decision-making has never been an

objective or a key concern in promoting effective employee voice. However, promoting an understanding among employees about commercial decisions, market pressures and the recognition that employee contributions can enhance organisational effectiveness do appear to be paramount.

The benefit of cooperative relations

In part, these perceived benefits translate into a more open and **cooperative industrial relations climate** in many (though not all) of the case study organisations. In this way, the idea that information and consultation facilitates change and efficiency can also be understood not as a simple direct or causal path, but as an intermediary factor. In all the companies, the co-existence of a conflictual as well as a co-operative approach to industrial relations was evident, though involvement helped mediate these tensions to some extent. In many of the larger organisations, managers appeared much more aware of the difficulties associated with managing and introducing change. Moreover, they felt that a degree of openness about these tensions helped to consolidate areas of potential conflict, even if they didn't resolve them. As one senior HR manager remarked:

We might have full-blown rows... Having joint groups helps us to be aware of what the real problems are, not what we think the problems are. Without the groupings we tended to find solutions for solutions' sake, without even knowing what the real problem was.

These sentiments were echoed, to some extent, by the shop stewards and employees across our sample organisations. For example:

There are massive benefits to information and consultation—the general morale is better and by listening to people they feel some ownership of what's happening. But in the absence of involvement the 'cynics' rule.

Union Steward

We're convinced you need all the information... We don't want to be the financial controller of the company but want the analysis for joint decision-making. If the company does well then workers do well, that's pretty much the motto we operate on now.

Union Steward

The same respondent, however, limited the extent of how far a union should cooperate with management:

If people give out that a strike or disagreements will shut the place down, then shut it down. You have to stop somewhere. They can't take it all.

Union Steward

An employee at another organisation notes that consultation in the process of change makes implementation easier and less stressful for the employee:

[The benefits of information and consultation] are huge. If you know ahead, people are prepared for change. There are good staff relations. It makes it easier to get things done.

7.2 Barriers to facilitating change: a problem of process

These benefits from informing and consulting employees are not absolute. Indeed, across all our companies an array of obstacles to implementing change and informing employees was evident.

Resisting change

Many of the organisations were constrained in their efforts to change by their own history and culture, especially as industrial relations procedures and workplace norms become institutionalised over time. The extent to which this was equated with resistance to change emerged for a variety of reasons, with several managers commenting that culture legacies and traditions can crystallise behaviour in particular ways. For example:

Culture and attitudes are still the biggest barriers to change, both on the union and management sides.

Manager

We have a lot of people who are inflexible. Others are just compliant. Commitment is a bonus. For many it's just a job. Some though are more enthusiastic.

Manager

If a change reduces the workforce, as evident in a number of case studies through the use of outsourcing and sub-contracting, then resistance and opposition were found to be markedly higher. In short, increased job insecurity is correlated with a greater propensity to resist change. In some instances this was mediated through consultation, which helped resolve a number of tensions. At Thermoking, for example, management learnt a lot of lessons about the advantages to early consultation when jobs were outsourced. Moreover, resistance is not confined to workers. One HR manager commented that

Attitudes of some line managers were difficult so we moved them on. This gave a big message to other people.

Obstacles to informing and consulting employees

In many cases, some of the obstacles to effective employee information and consultation came down to problems associated with the processes used to inform and consult, as opposed to the use of any particular mechanisms per se. Almost all respondents emphasised a **time lag** in the implementation of a change initiative or in introducing systems to inform and consult employees. One HR Director who recognised the potential value of consulting was constrained by business pressures:

Consultation is ok in an ideal world but time for consultation is not available in a business context.

It was also evident that the time, effort and resources required to sustain momentum can be easily underestimated, which has knock-on implications in terms of implementation and evaluation of initiatives. This problem of time was most evident in the stage of design and implementation. When the process of consulting employees is introduced into the equation, this becomes even more problematic. In many cases, consultation did not occur in a satisfactory or timely manner; at several companies information and consultation did not occur until after the initial decision had been taken. One union official explained:

There is the 'concept' of partnership and involvement... but it's not something that really happens in practice. Unions get told after the event on major strategic and important business issues.

In several instances, the problem was the way information and consultation occurred. Some employers were cautious about certain changes and adopted an incremental path, informing employees on a 'need to know' basis. On the surface this may appear logical. Yet for employees who evidently realised that change was imminent, this led to increased anxiety. An employee at one organisation observed that in the absence of information from management, the 'rumour mill' took over:

People hear informally before they get the official word.

Furthermore, when change was implemented it tended to be either *ad hoc* or, at worst, overlapped with old systems and practices. In several organisations, the introduction of new information and consultation mechanisms caused problems, particularly when they were viewed as being 'bolted-on' to existing human resource management policies and practices. This fusion of new and old information and consultation mechanisms pointed to areas of **integration failure**. In some organisations, middle managers and supervisors who were responsible for applying the new mechanisms resented the additions to their already substantial workload. The knock-on effect of this lack of integration was significant in those companies where the existence of old and new employee arrangements remained

separate from one another. In a public sector organisation, for example, a history of disputes and grievances around changes to work practices has become submerged into a multi-layered partnership structure. This resulted in an overly bureaucratic system that hindered the flow of information. Employees were distressed to learn of cutbacks and job losses through the media rather than through the partnership forum, or from management. In contrast, AXA provides a notable exception as an organisation that attempts to integrate its consultation mechanisms (see Box 7.2).

Box 7.2: Integrating Employee Voice at AXA

AXA, a French-owned multinational firm in the financial service sector, actively seeks to integrate nineteen separate mechanisms to inform and consult employees. Some of these include, among other things: individual communication channels; partnership forums with an 'open agenda' comprised of union representatives, management and the CEO; separate 'inter-locking' meetings (HR and employee reps) to thrash out any issues before formal meetings take place; biannual road shows to explain the company's strategy; team briefings; the CEO writes to each employee three times per year updating them on how the business is doing; and a system known as VOICE (Visible, On-going, Internal Communications for Everyone) covers the whole organisation. At its core is a system of team meetings with information transmitted to the most senior levels. Essentially, team members can raise and discuss issues that are of interest to them with line management. The minutes of all meetings are then 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 associated with any particular individual. Above all, commitment from the top is considered paramount and all proposals are acknowledged and considered by senior managers. Some of the benefits associated with integrating these mechanisms include transparency, constructive ideas for improvement and a feeling that information and consultation led to improved decision making.

In some smaller firms, the integration of related HR practices resulted in disillusionment among employees. For example the use of appraisal interviews to inform and consult employees was highly valued by managers. For employees, however, the consultative or developmental nature of such mechanisms was regarded as meaningless. For the most part, employees were keen to know their work targets and potential pay or bonus awards, rather than discuss openly areas of change.

Perhaps one of the key barriers across most of the organisations is **managerial attitudes**. In some organisations the issue of managerial prerogative and control remained paramount, and this limited the extent and depth of consultation about certain change issues. In other organisations there existed a degree of secrecy among managers about what information could (and should) be revealed to employees. One employee explained:

Management decides ‘what’ needs to be done and discusses ‘how’ it will be done.

A manager assertively commented that

Management has the right to manage. They should be able to run the company as they see fit rather than answer to the decisions of committees.

In some smaller companies there was the problem of management inertia; either a lack of time to consult **and/or** a general unwillingness to share information that management regarded as their own. Significantly, the support of line managers is crucial. Supervisors, team leaders or functional heads were key agents who could make the systems of information and consultation work or not. For example:

We do have people who are inflexible. Some supervisors aren’t really good people managers, and in today’s world being HR focussed can be more important if we need staff to respond quickly to meet our corporate goals.

Summary

This chapter has identified some of the key business benefits as well as obstacles encountered at the case study organisations. While these can never be fully validated or tested given the range of other (uncontrollable) factors, by analysing the data from different groups of managers, employees and shop stewards, it appears that systems to inform and consult employees can produce tangible benefits. However, this gives rise to an important caveat: information and consultation can (and does) mean very different things in different organisations, and there are key differences also between the perceptions of management and staff within and across organisations, as noted in Chapter 6.

It should also be noted that resistance to change is not in itself illogical or purposely disruptive. There is no reason to assume that because employees (or unions) are consulted about change that it will make a difficult issue any more palatable. Some of the more difficult change issues such as the outsourcing of jobs, a pay freeze, or the demand for new work arrangements are essentially contentious and a difficult pill for workers to swallow. Notwithstanding the sensitivity of some of these issues, there remain significant obstacles around how information and consultation is managed. To some extent these obstacles are a question of process: how and in what manner information is disseminated is important. Other obstacles included the time and resources required to consult and inform staff about planned changes. Perhaps one of the more sensitive obstacles is that many

managers regard the depth of information and the extent to which they consult employees as an area of managerial control. Regardless of whether this is due to ideology, work overload or inertia, it remains an important barrier.

CHAPTER 8: SUMMARY CONCLUSIONS AND EXAMPLES OF ‘GOOD PRACTICE’

Introduction

As noted in Chapter 4, there is always a danger in extrapolating research data collected from a small sample of case studies over one time period to make broad and general inferences about trends and future developments. As explained in Chapter 6, the meanings ascribed to employee information and consultation mechanisms varied quite considerably among respondents, even in the same organisation. At the same time, many employers (union and non-union) often assume they are consulting when they only communicate decisions that have already been made, as noted in Chapter 6.

Furthermore, as Marchington et al., (2001) comment, developments in the area of employee voice are increasingly changing. There is an even greater certainty about this, given the required transposition into law of the EU Directive for employee information and consultation rights in the next few years. It is for these reasons that we feel our multi-case study approach is more productive in understanding the detail and complexity of how different information and consultation mechanisms relate to organisational practice.

With these issues in mind, [Section 8.1](#) of this chapter summarises the key findings from the research and [Section 8.2](#) identifies a number of principles underpinning ‘good practice’ in the areas of change management and employee involvement.

8.1 Summary of findings

Our research was guided by a number of specific themes. While recognising the diversity of change initiatives, we sought to explore the relationship between effective change and employee involvement, with a particular focus on the European Information and Consultation Directive. On this issue we conclude that there is the scope for a positive relationship, particularly when senior managers, employees and unions support the information and consultation mechanisms. Effective change, according to many of the respondents, is often associated with using a mix of direct and indirect information and consultation mechanisms. It was also found that informal dialogue between managers and employee representatives often underpins formal information and consultation mechanisms. Taken together, these findings suggest that there is a solid foundation on which Irish enterprises can build further with the transposition of the EU Directive.

The findings also support the argument that the EU Directive represents an opportunity to deepen the principles of partnership and modernise Irish employment relations. According to our data, it is apparent that there is a strong business case for doing so. Organisational management have the choice of a ‘high’ or ‘low’ road approach to informing and consulting employees. A ‘high road’ strategy

would include both direct and indirect methods for employee involvement that are appropriate in a particular organisational context. This can improve managerial decision-making, enhance employee relations and contribute towards innovation and creativity.

With the EU Directive, and in particular the proviso for voluntary arrangements contained in Article 5, there is ample opportunity for organisations to move from a compliance-based culture to one in which Ireland seeks to raise the standards of organisational innovation through effective employee voice. In contrast, the 'low' road strategy will in all probability meet the legal requirements for information and consultation, but encourage little else. Arguably, the 'low road' approach will engender a 'winner-takes-all' regime with comparatively lower levels of productivity compared to other EU member states, will lack innovation and be a general disincentive to managerial and employee creativity.

These trajectories and opportunities may be difficult and contentious for some of the social partners. Our data did suggest that the diversity of meanings associated with information and consultation terms actually resulted in a very low and shallow set of communication channels in some organisations. Moreover, the relationship between change and employee involvement tended to be limited to those areas deemed appropriate by management. There was very little consultation associated with the more strategic and transformational change issues.

A number of obstacles remain to informing and consulting employees. Commercial pressures for short-term results were evident, as were a lack of resources and time for line managers to engage more effectively with employees. Notwithstanding these concerns, we were able to identify a set of general principles that may encourage appropriate good practice, and these are explained in Section 8.2.

8.2 Examples of good practice

While there are exemplars across the case studies of what might be described as 'good' or 'valuable' practice, to simply transfer these to other organisational contexts runs the risk of oversimplification. More importantly, the idea of a universal or 'best practice' application of techniques is both problematic and uncertain. All the case study organisations experienced different types of change and used a variety of information and consultation mechanisms. Even where organisations faced similar competitive pressures or developed similar forms of employee involvement, the precise contextual details matter. For example, in Multis, a small organisation in a highly volatile hi-tech market, employees were reasonably satisfied with their opportunity to contribute to organisational decisions, despite the limited range of formal information and consultation mechanisms. In short, the utility of the voice mechanisms employed is much more important than the number of techniques used.

In other case studies, especially some of the larger and multi-site organisations, the mechanisms for partnership and employee information were regarded as overly bureaucratic, lacked transparency and,

above all, failed to disseminate information in a timely manner. On more than one occasion, employees heard about significant changes through the media rather than from management. However, to infer that a particular set of practices can be transferred or used as a benchmark between organisations is both dangerous and misleading. As discussed in Chapter 7, it is important to understand how and why processes are employed and integrated within a particular organisational context.

With these concerns in mind, there is nonetheless a series of potentially 'good' or 'valuable' information and consultation practices. Rather than relying on any grand blueprint of 'best practice', these are derived from a number of underlying principles which can, and indeed should, vary in detail from one organisation to the next. These principles are listed in Box 8.1.

Box 8.1: General principles of good practice in the area of information and consultation

- **Perceptions matter:** It appears that where employees believe their voice is listened to, then this equates to situations where information and consultation is regarded as more genuine and open. In many of our case studies, it was apparent that commitment and support from the top managerial team was crucial in this regard, and this suggests that the *depth* of involvement is important.
- **Structures matter:** Our data supports the argument that well-developed, robust and appropriate structures for employees to articulate a concern or grievance are crucial. In many of our case studies, the co-existence of both direct and indirect schemes was mutually reinforcing, and this suggests that attention could be directed to the *levels* at which employees are informed and consulted.
- **Processes matter:** How employees are informed and how they are consulted is much more important than adopting as many mechanisms as possible. The key is appropriateness, understanding and clarity of objectives in devising a range of different mechanisms, and this warrants consideration of the *forms* used to inform and consult employees.
- **Integration matters:** Unless the systems to inform and consult employees have a logical resonance with other HR policies and practices— for instance training, coaching skills, reward or employment security— then schemes run the risk of being regarded as short-lived and bolted-on. Effective integration suggests that both the *scope* and *depth* of mechanisms are reviewed.
- **Representation matters:** For information and consultation to be regarded as effective and legitimate there has to be an open climate that can encourage both critical and constructive views from employees (and their representatives) about managerial decisions. This would require a review of the *forms* and the *extent* to which procedures (formal and informal) are genuinely independent from the employer.

These general principles concern key policy areas rather than specific mechanisms. The precise configuration of actual practices and how they impact on change and/or organisational performance varied considerably from one organisation to the next. The point that emerges, supported by our data, is that indicators of good practice rest on the existence of strong and independent systems for informing and consulting employees. From this we have adapted a framework, derived from one of our case study organisations, that illustrates salient features that also existed in other examples of good practice.

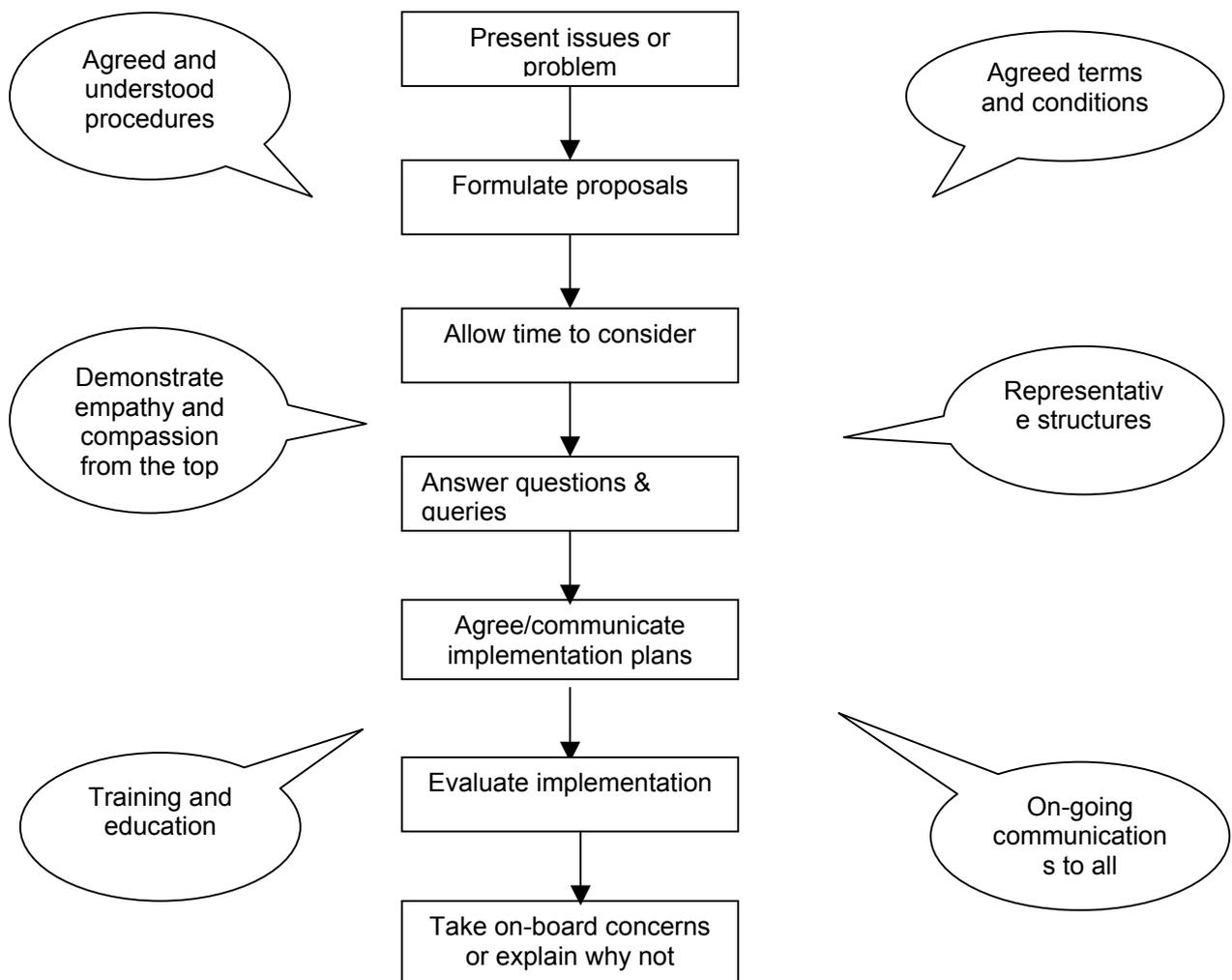


Figure 8.1: A process framework for implementing change

The framework does not, for reasons outlined above, seek to predict what may or may not be best practice. Instead, it points to a number of underlying processes that are likely to be relevant in a broad range of organisations. Running down the centre is what we found to be one of the more robust and comprehensive stages for employee information and consultation. This is as relevant in large and small, as well as union and non-union organisations. To the right and left of these stages is a range of support measures, and the rationale for these is briefly described.

Agreed terms and conditions: This relates to several aspects of employment. It is about explicit terms and conditions such as pay, hours of work or health and safety but it also relates to tacit pacts or a psychological understanding between employer and employee. In those companies that experienced some of the more significant transformational changes, either because of take-overs or outsourcing, workers appeared increasingly alienated and dissatisfied with the outcomes when job roles and tasks intensified.

Representative structures are about providing systems that both encourage and protect employees when they articulate a concern, either directly or indirectly. This is why *on-going communications* are crucial in their own right, rather than enforced as a substitute for consultative mechanisms.

Agreed procedures and *demonstrating empathy* are about shaping the perceptions and legitimacy of employee contributions in the change management process. In several companies, workers expected to encounter change, and even welcomed these as progressive organisational developments. At the same time, however, employees also expected to obtain adequate information to make their own evaluations. To this end, clearly defined procedures and agreed definitions of what different mechanisms mean are important facilitators of effective information and consultation.

As mentioned above, the integration of information and consultation with change management systems are generally wrapped up with other related HR policies and practices. It is often mistakenly assumed that messages transmitted by management will somehow be understood in the same way among employees. Thus *training and education*, not only for workers but also line managers and supervisors, appears to be a significant ingredient in the facilitation of change and the dissemination of information.

Overall, this suggested framework is about the processes of informing and consulting employees. It is not about adopting certain bundles of practices but evaluating the context and effectiveness of a programme of organisational change and determining how this can be enhanced by the involvement of a workforce.

APPENDIX ONE

CASE STUDY SUMMARIES

AXA Ireland Ltd

AXA is a French owned, global financial services organisation employing 300,000 people in 160 countries worldwide. The corporation has €75 billion gross premiums and financial services revenues, €910 billion in assets and €1.2 billion in net adjusted earnings. AXA businesses world-wide are united under a global brand espousing the values of professionalism, innovation, pragmatism, team spirit and integrity.

AXA Ireland Ltd is primarily an insurance company formed, in 1999, from a take-over of the merged PMPA and Guardian Royal Exchange. The culture of the 'new' company differs radically from that of the two original companies, particularly in relation to information and consultation. Employee voice is valued and regarded as legitimate. The current CEO is widely credited as being a champion of the current 'open' culture. AXA Ireland employs 800 people and operates from 33 branches nation-wide; 530 staff are employed in the company's Dublin headquarters. Around 80% of staff are unionised (55% SIPTU and 45% AMICUS) and working relations between unions and management are currently very positive. Relations between the two unions are also positive.

AXA Ireland Ltd uses nineteen mechanisms for information and consultation (see list attached). Sixteen of these mechanisms engage directly with employees, while the remaining three involve employee (union) representatives.

An 'employer of choice' forum comprised of union representatives, HR, management and the CEO meet with an open agenda to discuss on-going issues. If there is an urgent issue management and staff representatives hear about it at the same time and are consulted 'where possible'. 'Inter-locking' meetings (HR and employee reps. and HR and management) are used to thrash out the detail of the issues beforehand.

There are multiple channels for disseminating information, from a biannual road-show on company strategy delivered by senior management in a question & answer format, to sophisticated e-systems and regular team briefings. The CEO writes to the employees three times per year, updating them on how the business is doing and what developments are on the horizon. There are also multiple mechanisms for consultation. 'VOICE' (Visible, On-going, Internal Communications for Everyone) is a widespread mechanism operating at the team level where employees are encouraged to voice their opinions, which management then responds to.

'Partnership' forums operate for each functional area and act as discussion groups for issues of operational relevance. The 'Task Master' and 'Mad House' programmes empower staff to make suggestions for improvement. An annual staff satisfaction survey (SCOPE) is administered and acted upon. Management decides what gets communicated and when but as a general rule it's 'as much as possible as soon as possible'. At local (Irish) level information and consultation often take place in advance of decisions being made and the outcomes of these processes can alter, or even stop decisions. There are no parallel collective bargaining structures and almost everything happens through the 'partnership' structures. Special union/ management meetings may be called to discuss individual issues (e.g. discipline). AXA has an active European Works Council which is considered to be effective in dealing with global and/or national issues.

Recent changes identified for illustrative purposes were the merger of AXA Direct and AXA Insurance (2001) and the development of a new performance pay system (2000). In the case of the merger the decision was strategic, based on cost and service issues, and taken at the level of senior management. Staff representatives were informed and consulted at all stages of implementation. However, at ground level the change was viewed very negatively and resisted. Consultation, through focus groups, is being used to overcome the resistance and ease the transition. In the case of the performance pay system, there had been on-going problems with the existing pay system due largely to an ageing staff profile. Management was reluctant to negotiate and staff 'slowed change' until the claim was addressed. Management and staff representatives designed a whole new pay structure through the partnership process. The new structure, which is currently being implemented, links 3-10% of pay to performance on 5 core objectives that are linked to company strategy.

There are no significant barriers to change and union representatives no longer think of blocking changes, rather the focus is on 'questioning and correcting' proposed initiatives.

Overall, AXA appears very progressive in its approach to change issues and the links with information and consultation and there is widespread satisfaction with the company's performance in this area.

Abbott Cardiovascular Devices

Abbott Laboratories is a US-based multinational health care and pharmaceutical company. In 2001, Abbott employed over 70,000 people, sold its products in more than 130 markets and reported sales revenue of \$16.3 billion. Abbott acquired Biocompatibles (Galway) in May 2002. This acquisition includes worldwide marketing rights, intellectual property rights for heart stent and drug coatings as well as manufacturing rights. It strengthens Abbott's position in the growing vascular market.

The workforce at this subsidiary is not represented by a trade union. However, Abbott operates three manufacturing sites in other locations in Ireland, which recognise trade unions. There are 160 employees in the Galway plant, which comprise seven senior managers, two production supervisors, 77 salaried staff and 74 production operatives.

The organisation has been characterised by constant change because of technological progress, research and development and new standards imposed by national regulators like the Food and Drug Administration (FDA) and the British Standard Institute (BSI). However, the ownership change has occupied the attention of the management and employees for the past few months. This has led to greater centralisation of accounting, cost control and HR policies. New systems have been put in place so that there is greater compatibility between this subsidiary and its parent company.

In total there are about 10 distinguishable employee voice mechanisms, of which four are 'one-way' communication channels from employer to employee. These include bulletin boards in the production areas and the canteen. These are regularly maintained by HR and contain information about vacancies, promotions, training and social events. Second, e-mail is available to most employees. Production supervisors post relevant messages on the bulletin board for the employees that do not have access to e-mail. Third, a flip chart is infrequently placed in reception for unusual events like the buy-out and issues related to September 11. Fourth, in some situations, the company uses a 'waterfall' approach where information cascades down from one level of the organisation to the next. It begins with senior managers who are fully briefed about issues. For example, the HR manager dealt with Abbott senior management in the US and Ireland regarding the implementation of a new remuneration package. She then presented this information to the senior management team with the objective of uncovering any 'hitches' that may occur as the information moves down the organisation's hierarchy. The information then cascades down to every level within the organisation through a series of staff briefings.

There are six mechanisms used to both inform and consult with staff. First, large departments, such as production and engineering, have regular meetings. In small departments, the same type of information is conveyed informally. Second, before the buy-out, there were regular meetings held in the canteen, conducted by the plant manager with the entire workforce. Third, there are a number of committees comprised of managers, salaried staff and production operatives that meet to discuss issues concerning health and safety, the environment and social events. Membership on these committees is mainly voluntary. For example, there is a monthly 'process optimisation' meeting to discuss problems and to develop ideas to improve processes and cut waste. This cross-functional group is comprised of non-managerial employees from different departments in the plant. Fourth, there are one-to-one conversations between managers and employees. Fifth, performance appraisals are conducted at the beginning of each year. Training needs are discussed at that time and used to develop the training programme. Sixth, there is an open-door policy that operates throughout the facility. If a manager or supervisor is in the building, they are deemed accessible to all employees. Given the recent acquisition of Biocompatibles by Abbott's, it is anticipated that representatives from this subsidiary will join employees from other Abbott subsidiaries on the European Works Council.

Employees' perceptions of their ability to influence decisions within the organisation vary, depending on the issue. They appear to have considerable scope to contribute to specific work practices and health and safety issues, and managers appear to listen to suggestions and actively seek to adopt these. Changes are implemented through recommendations made to the process optimisation group and H&S committee. In general, employees believe that the acquisition by Abbott will lead to greater centralisation so that their 'local' influence will diminish. They do not believe they are consulted over the future plans of the organisation or over redundancies. In some departments, informal arrangements that allowed workers to make up hours if they had doctor's appointments have been eliminated, and workers have very little say with regard to their reward system.

There are also a number of barriers to communications. Many of these existed prior to the Abbott acquisition but appear to be exacerbated by the change in ownership. Some of these are interdepartmental issues and include a lack of communications between different functions that is causing frustration to managers and employees. For example, a change made to customer services led to the return of products from customers to the plant, though these were produced at other Abbott subsidiaries, which led to confusion about what employees should do with these products. Other problems have arisen because information is not always passed between shifts as they change over.

There are also gaps in information that are being filled by the rumour mill. Employees have heard from people outside of the facility that the plant is going to move. The fact that management, during the research at the plant, has not clarified this issue has exacerbated the problem. Also, details of internal promotions are sometimes heard through the grapevine before official announcements are made.

A change in ownership presents major challenges to employees, regardless of their positions within an organisation. The transition has placed considerable strain on information and consultation mechanisms at this new Abbott subsidiary. However, in spite of the uncertainties, employees continue to rely on the open door policy. They know that all members of management are available to discuss any of their concerns.

Bord Gáis Éireann

Bord Gáis Éireann is responsible for the supply and distribution of natural gas in Ireland. The company was established under the 1976 Gas Act, which brought together several different companies and regional utility suppliers around the country. In the mid-1980s Bord Gáis employed around 3,000 people, many manual and technical employees. Today the company employs around 750 people in different parts of the country. More recently, Bord Gáis has borrowed €177 million from the European Investment Bank to modernise the gas network in anticipation of a deregulated gas market by 2005. The company has also been restructured into four separate business units: Transmission Operations (responsible for gas pipelines); Distribution (management of gas networks in towns and cities); Business-Customer Products (responsible for customer service and new product development); and Business Development-Assets (responsible for diversification into new combined heat and power sources). The organisation currently has a turnover of around €600 million, with approximately €80 million profit.

The changes introduced by Bord Gáis have been quite radical and far-reaching for a semi-state organisation, mostly negotiated through an agreement with the trade unions, *Response 2000*. This paved the way for essential 'managerial freedoms' in a number of areas. Manpower numbers can be changed as the requirements of the organisation change, in consultation with the relevant trade unions. Improved worker flexibility includes staff redeployments across different grades and in different parts of the country. For some employees this has meant retraining, with manual occupations (typically gas fitters) deployed into clerical and support services. New technology has also brought changes to work practices, including the increased use of contract labour. As part of the *Response 2000* agreement, there has been a new emphasis on job focus and continuous improvement. For example, meter readers utilise technology to a much greater extent than they did five years ago. Many now work remotely, using the Intranet to upload data and download work details. Similarly, contractors have approved levels of security access to interact directly with Bord Gáis computer systems to avoid duplication.

The *Response 2000* agreement has also changed the scope and level of information and consultation, with clear boundaries between what is negotiable and what is consultation. Notwithstanding oversimplification, the *Response 2000* agreement paved the way for what can be described as a twin-track system of employee voice. Collective negotiation and representative participation exist within an established industrial relations structure. At the same time, consultation and communication occur in more direct ways. Collective participation and negotiation occur at a number of levels. There are formal negotiations between management and unions, as well as a high-level joint consultative committee comprising the CEO, senior managers and unions. Established procedures also exist for collective and individual grievances, including recourse to third party intervention where appropriate, such as the Labour Relations Commission and/or Labour Court. Moreover, Bord Gáis and the recognised trade unions support the principles of national partnership, with the objective of achieving 'joint ownership by management, trade unions and staff of the entire change process'. In terms of direct information and consultation, several human resource policies exist. There is a monthly core briefing to staff. There is a staff newsletter, and an intranet is used to disseminate information by electronic means. More significantly, since *Response 2000*, joint working groups have been established that consider a range of human resource policies (such as health and safety procedures; pension schemes; equal opportunities; retirement; job rotation and job sharing procedures; employee development; and bullying).

Employee information and consultation appear to be significant conduits for change in Bord Gáis, although impact is always difficult to quantify. The acceptance of change rests on key understandings by both parties. For example, the *Response 2000* agreement provided management with considerable flexibility and scope for change. At the same time, employees were assured that 'no one would lose money, backed with assurances of job security'. In turn, change has brought new opportunities for some workers. Job restructuring and redeployment can have an element of uncertainty, but it has also opened new doors for employees with the acquisition of more marketable skills. Above all, both sides agree that buy-in to change is dependent upon achieving a 'workable agreement'. This seems to produce efficiencies when it comes to disseminating information and implementing new initiatives in the longer term.

However, this is not to suggest that change and consultation has been unproblematic at Bord Gáis, as a number of long-running tensions remain evident. For instance, the trade unions feel short-changed to

a significant extent given that Bord Gáis, unlike other semi-state organisations, has not had to implement a Worker Director on the Board. Several meetings between senior management and the new gas regulator have also been held without union representation. Consequently, a concern about union marginalisation has been growing, heightened perhaps by an uncertain future in a deregulated gas market. Another barrier to change was also identified as the 'culture and attitude' inside the organisation. This was reflected in a culture where decisions often take too long, with examples cited in relation to appeals about job redeployment. The system of direct employee information, such as core briefings to staff, also occurs at less regular intervals than intended. These barriers may, to some extent, be aggravated by a failure to implement the agreed Employee Share Ownership Scheme (5%).

Overall, Bord Gáis is an entirely different organisation to what it was a decade ago. Deregulation has brought with it new pressures and restructuring. The mechanisms for employee information and consultation have also adjusted to changing circumstances, with a number of benefits. What is important here is that management and unions recognise that, from time to time, they will have conflicting interests. More importantly, they have established robust dispute and negotiation procedures to manage these, including the use of third party interventions.

Guinness UDV

Guinness is one of Ireland's oldest and most respected institutions. Arthur Guinness took over a disused brewery at St. James Gate in 1759, signing a lease for 9,000 years. He started brewing porter—a 'black beer'—in the 1790's and subsequently produced a stronger version known as stout. His first exports from the brewery were shipped in 1796. Guinness became a public company in 1886, when its shares were first quoted on the London stock exchange. In 1936, Guinness opened a second brewery at Park Royal in London. It began brewing in Asia and Africa in the 1960s and 1970s and today Guinness is sold in 150 countries and brewed either directly by the company or indirectly under licence in 52 of these. In 1985, Guinness acquired Arthur Bell & Sons. This signalled their entry into the spirits market and was followed shortly afterwards by the acquisition of United Distillers with brands such as Johnny Walker, Gordon's Gin and Tanqueray. In a merger of giants, Guinness joined Grand Metropolitan in 1997 to form Diageo PLC. The subsequent sale of Burger King and Pillsbury and purchase of Seagram consolidated Diageo's position in the alcoholic beverage business. In 2001, Diageo's turnover was almost £13 billion stg. A global company, it operates in 180 markets with its shares traded in both New York and London.

In addition to the transformational types of change such as acquisitions and mergers, a variety of other transformative and on-going smaller types of change have their antecedents in the early 1970s. Guinness launched a series of programmes designed to reduce costs and increase productivity. This meant reducing the workforce through early retirement and voluntary redundancy, while at the same time introducing new work practices. Changes of this nature are negotiated with the unions who sign-off on the programme before they are implemented. Most people agreed that the trade unions' role is quite constructive in managing the change process, and most appeared satisfied that the company is competent in managing change.

Guinness enjoys an historic reputation as a progressive employer. Terms and conditions were traditionally better than similar jobs in other companies. Like the civil service and semi-state organisations, Guinness jobs were viewed as jobs for life. While employment at Guinness continues to be sought after, the tenure of employment tends to be shorter. In 1970, Guinness employed almost 4,000 people. Today Diageo employs about 3,000 on the island of Ireland. Sixty per cent are non-salaried staff (manual) and this percentage is falling, as brewing technology becomes more capital intensive.

The Guinness Staff Union (GSU) represents most of the employees on the demand side of the organisation, which markets and distributes the product. These employees tend to be well-educated, mobile and 50% female. The General Secretary of the GSU is not a Guinness employee. He is a full-time union official who has a good relationship with senior managers, many of whom are GSU members. Although membership is voluntary, the vast majority of eligible employees are members of the GSU. The GSU can quickly mobilise to respond to issues, either positively or negatively. They have members who can assess financial and market sensitive information. This union tends to be well informed about organisational and strategic change.

The GSU, SIPTU, ATGWU, ACTSS and craft unions represent Guinness workers on the supply side, which brews Guinness and other ales and lagers for Ireland and other European markets. These employees are mostly male and tend to stay in their jobs for life. The shop stewards are Guinness employees. Union officials from their respective unions support their members. Multi-union representation on the supply side means that union response to issues can be somewhat fractured.

Management 'informs' the unions about topics where their input is not required including financial data, name changes, etc. Management consult with unions when input is needed. The flow of information is centralised; it moves from senior management to trade union representatives and feedback is received predominantly through the trade union representatives.

Besides the regular contact between trade union officials and Guinness management, another collective mechanism for informing and consulting with employees at Guinness is the Diageo European Forum (e.g. EWC). Workers from Diageo meet with board members to discuss business and strategy following the AGM. There is a corporate intranet to inform employees about appointments, structural change and general information. Corporate results are announced at an annual meeting of the entire

workforce. There are several individual mechanisms including regular department meetings held on a daily basis in production departments and on a weekly, fortnightly or monthly basis in sales.

On the demand side, the MD leads a well-structured monthly face-to-face meeting for 85 managers who cascade the same information to all 700 employees throughout the company within three days. Weekly reports are distributed to sales teams by e-mail. A weekly e-newsletter is distributed to all employees. Performance reviews between the individual employee and their supervisor take place quarterly. Performance appraisals that are linked with bonuses are conducted annually. Attitude survey is conducted annually, and 'pulse' surveys are carried out quarterly.

While the separation of the demand side and the supply side is by design, it creates problems. Information about the other side is not regularly forthcoming. The exception is in the area of quality, which links both sides. On this subject, there is regular communication. In general, employees on the demand side felt that they were well informed. People that are higher up in the company (middle management and above) feel that they are consulted. They also feel that the GSU adequately represents their interests. In general, problems in communication and consultation appear to be more pronounced on the supply side. As they work in shifts, it is more difficult to make sure that information is completely dispersed. E-mail is used but this is a less than perfect mechanism because it is difficult to know if the information is read and understood. However, this problem is being addressed. A new work practice called 'work streams' is being introduced to empower supply side employees and to bring ideas from the bottom up.

Overall, Guinness appears to utilise a wide range of both collective and individual mechanisms to inform and consult employees. It is also noteworthy that a senior HR manager was an IBEC participant that lobbied Brussels concerning the EU Directive.

Hewlett-Packard

Hewlett-Packard (HP) is an American-owned global corporation employing 145,000 people worldwide. HP is a leading provider of products, technologies, solutions and services to consumers and business. The company's offerings span IT infrastructure, personal computing and access devices, global services, and imaging and printing. The HP corporation is structured around four business units: Enterprise Systems Group (ESG), Imaging and Printing Group (IPG), HP Services (HPS) and Personal Systems Group (PSG). In May 2002 HP merged with Compaq Computer Corporation resulting in combined revenues of US\$81.7 billion. HP Ireland has four sites (three in Dublin, one in Galway) employing about 4,000 people in total. There are 600 employees on the Galway site. HP's corporate objectives are customer loyalty, profit, market leadership, growth, employee commitment, leadership capability and global citizenship. Strategy can be centrally determined and worldwide, countrywide, or business/site specific.

Change is the only constant in this organisation, which is exemplified by the move from Digital to Compaq to Hewlett-Packard in only four years. The nature of the operation itself, with strong national and international competition, means that rapid and effective change is a must for survival and growth. The most recent change was the merger with Hewlett-Packard and the organisation is still adjusting to this. The two organisations were quite similar in their human resource policies and practices (including mechanisms for information & consultation) so changes in this area have been incremental rather than dramatic. An example of more specific recent change was the introduction of the René Project. This involved the employment of a group of consultants to lead discussions on improvement of the manufacturing process. Staff from all levels and functions were invited to participate, and while there was some questioning of the need for consultants, generally employees welcomed and participated in the change programme.

Information and consultation are not terms that are used by HP. Management would talk about employee communication and employee involvement and empowerment. Information is plentiful and gets communicated from the local, national and global levels. Electronic sources are the most common media. There is a view that there is too much information for people to handle but staff know where to find it if they need it. The other main medium for information transmission is meetings: team, department and site-wide employee meetings.

HP Ireland has a strong tradition and preference for communicating directly with employees rather than consulting about change. None of the Irish sites are unionised and there is a clear view from local management that they would like to keep it that way. The European Works Council is the only indirect forum where management sits down with employee representatives and it is clear to both parties the types of issues for discussion on this forum (issues of trans-national significance). Management claim that employee voice is valued and considered legitimate. Direct methods for information and consultation include: an annual attitude survey, team/department meetings, corrective-action (quality) teams, quarterly briefings by senior management and issue-specific committees such as the health & safety and canteen committees. The emphasis is on dealing directly with employees and with minimal formality. New employees are invited to coffee with senior management to see how they are getting on and if they have any suggestions for improvement. The MD has also invited select employees in to his office for informal discussions about where the business is going.

The Galway site is still small enough for staff to know each other so a lot of informing and consulting gets done informally on the corridors. Management operates an open door policy and there is a view that employees are willing and able to express their views directly to management.

Lots of decisions are made nationally or globally and are not open to discussion. The example was given of a new employee benefits package, which will be announced to staff when it is officially launched. Locally, management decide what gets communicated and when, and managerial prerogative is regarded as a legitimate basis for this. Management expressed strong reservations about the Directive, particularly on the issue of employee representation. There was some resignation that the introduction of employee representatives was inevitable but a strong feeling that the process should be localised with local representatives engaging with local management to discuss issues of local significance.

Generally employees seem to be happy with the organisation's approach to information and consultation. The nature of this industry, and the recent merger, have meant that employees are less than certain about their employment security, which may have tempered views somewhat. The overall

feeling was that, relatively speaking, HP is a good company to work for and the level of trust between management and employees is high. There have been a number of issues recently that have irked people but not important enough or often enough to encourage employee organisation either formally or informally. There was widespread acknowledgement that the employee voice is heard but whether or not it is listened to depends on both the issue at hand and your individual manager. There have been issues where employees felt they could have/should have been informed and/or consulted but it failed to happen. Examples given were changes in the line management structure and the new employee benefits package. There is currently a pay-freeze in operation, which employees feel was never formally announced or justified.

Medtronic AVE

Medtronic was founded in 1949 in the United States as a leading pioneer of the first implantable pacemaker. The company is currently structured into four stand-alone business divisions, which together employ 28,000 people across the world. In Galway, the company commenced trading under the name CR Bard in 1982, which sold part of its business to AVE, and in 1999 merged with Medtronic. The organisation is valued at over \$6.4 billion, with an annual growth rate averaging 15% per year. This growth has led to a significant transformation of the Galway plant. Initially established as an assembly plant with a high degree of informal relations, it has doubled in size, operates under the managerial structures of a leading multi-national company, and now has the capacity to design, test and manufacture products from conception to production. These include, among others, cardiovascular and neurological technologies that are sold in over 120 countries.

The broad range of changes has led to considerable restructuring in the type and numbers of people employed at Galway. There are about 1,500 workers at the site, 200 of whom are managers and professional staff, another 200 clerical and technical employees, with around 1,100 hourly paid operatives. There is a closed shop agreement with SIPTU for hourly paid employees, with the remaining 400 staff at Galway (plus other employees elsewhere in the world) non-unionised.

There has been significant change in terms of both the scope and rate of company restructuring. The main change agents include market pressures for new products and the demand to keep up with technical innovations. The short product cycle from conception to production is significant, typically in the region of 6 – 12 months. These have led to more flexible work systems such as multi-functional teams, alternate shift patterns, individual appraisals, division performance bonus incentives and new training initiatives. It was explained that one of the major challenges facing the organisation was to rehabilitate, develop or ultimately replace employees, including line managers, who were less able or willing to adapt to new pressures for rapid change.

For management the term consultation means 'dialogue but not necessarily agreement'. There is no formal employee voice or partnership agreement, and three formalised collective structures. Negotiations exist between full time union officials and plant management, though these tend to be conducted on a more distant basis and focus on agreed (three-year) pay arrangements. Second is a local union committee comprising of eight members representing hourly paid operatives. The committee meet management on a bi-monthly basis, covering a range of work-related issues with an open agenda policy. Effectively, this means employee representatives can raise any issue for discussion with management. Third is a Medtronic European Dialogue Forum (which meets the 1994 Works Council Directive) for sharing information with sister sites across the EU. The Galway SIPTU shop steward and another employee representing the non-union workforce are members of this Medtronic European Dialogue information forum. In addition, informal and generally co-operative relations between the HR Director and senior SIPTU steward on site is an important change facilitator, both of them have long service with the company and have worked together in both challenging and successful times. The union and company are quite proud that they have never had to refer to any third party intervention, such as the Labour Relations Commission.

Six separate individualised processes for the dissemination of information also exist, which focus on communication as opposed to consultation. There is extensive use of electronic media such as e-mails, company newsletters every two weeks, monthly team/area meetings, individual appraisals, bi-annual attitude surveys and quarterly plant-wide meetings to update all employees on general company matters (such as company targets, turnover and new product developments). The attitude survey is conducted on a global basis, with information disaggregated by site, location and occupational category. As a result of this survey, the Galway plant recently set up a number of employee focus groups to consider proposals in the areas of employee recognition, retention, training and development. While non-union employees have less access to formal consultation systems, they do receive information from several direct channels. In addition to those mentioned above, appraisals emphasise IDP's (Individual Development Plans) with discussions surrounding reward and recognition.

Underpinning all these mechanisms is an undercurrent of centralisation about the content of information and communication. Relevant business information originates from the different Vice Presidents for each division of the company, with a cascade system from president to director, plant managers, supervisors and then employees. This is a particularly well guarded area because of the

level of sensitivity and confidentiality that surrounds medical device technology and market competition.

It is hard to quantify the impact information and consultation has in any organisation. At Medtronic there was some evidence that employees have been more willing to engage in change because they understand managerial objectives and appreciate the competitive pressures facing the organisation. The company believes that employee involvement in decision-making increases commitment and dedication. With the company's continued investment in developing a team-based operation, consultation and engagement are becoming increasingly important as facilitators for on-going operational changes. There is also a perception that employee involvement provides a sense of direction that helps to build trust and contributes towards creativity, innovation and the potential for learning.

As might be expected in an organisation faced with both significant expansion as well as the changes arising from merger activity, there were some barriers to implementing change and consulting with employees. Some clerical and technical employees indicated that they had less scope to influence managerial decisions than those workers traditionally represented by a trade union. Nevertheless, this group are involved in day-to-day decision-making and are expected to recommend improvements to their work. In fact in many areas their opinions are sought in operational/technical discussions where ongoing creative solutions and immediate execution are expected. In addition, some line managers were less confident in communicating information to employees, partly because certain supervisors were hired on the basis of technical competence.

Overall, the mechanisms to inform employees are broad and varied at Medtronic. Collective consultation structures coexist and sit alongside the newer, more individualised systems of information and communication. The success and growth of the organisation, and the ability for employees to adapt to change, cannot be attributed to any single factor. Efforts in the areas of recruitment, encouraging leadership qualities among line managers, promoting training and development opportunities and spending the time and effort to explain issues to staff appeared to act as a conduit that helped employees understand the challenges facing the organisation in a more critical way. Essentially Medtronic reflects an effective blend of authoritative, affiliative, democratic and coaching leadership styles.

Multis Group Ltd

Multis Group Limited specialises in re-manufacturing, re-marketing, reclaiming and disposing of out-dated computing equipment. The Group was established in 1994 to provide services to original equipment manufacturers (OEM's) in the areas of retiring, returning and surplus product disposal. Multis is the only company of its type in Ireland and partners some of the big names in computer technology (Compaq/HP and Sun Systems). The company's partners can also be its competitors.

With state-of-the-art facilities in Ireland and Holland, Multis provides full geographic coverage across the European (and increasingly, the global) market. The company acquires out-dated computing technology, re-engineers it to a high degree of sophistication and passes it on 'as new' to distributors for resale. Some equipment is also broken down and recycled into the supply chain as parts or disposed of in compliance with local, national and European legislation. This option provides for loss minimisation with environmental principles of resource sustainability. Profit is derived from the fee charged for the services. Multis also has comprehensive knowledge and experience of the second use IT market and provides direct selling and support capability.

The company employs 60 people, with approximately 15 in Holland and the remainder in Galway. Many of the employees are highly qualified and experienced technicians and their knowledge is one of the company's core resources. Information and consultation are seen as critical to organisational success and are more of a survival issue than an option.

Change has centred on business expansion issues with specific changes identified as the securing of a new business partner, the re-organisation and expansion of the shop floor layout and the introduction of a major new system to keep up with demand and reduce inefficiencies. Change drivers can be found anywhere in the organisation depending on the issue and there were numerous examples of employees volunteering to take the lead in a change project. There is a culture of continuous improvement and change is evaluated so that lessons can be learned.

Apart from the health and safety forum there are no indirect mechanisms for information and consultation. The company is not unionised and given its size and the level of skill and experience of employees there was no evidence of a need or desire for formal representation. In this small company, as one might expect, much of the information and consultation takes place on an informal basis on the shop floor and directly with the relevant employees. Management operates an open door policy and employees have the opportunity and confidence to take advantage of it.

More formalised communication takes place at meetings— daily, weekly, fortnightly, quarterly and involving teams, sections, departments or the whole workforce. Meetings are used both for informing and for consulting. The quarterly workforce meetings are about letting people know how the business is doing, with reports from the MD and function heads, and look forward to future developments. The breakfast meetings of the MD and selected employees are specifically designed to involve people in discussions about business developments. Continuous Improvement Meetings are aimed at getting suggestions about how to do things better. Ideas can come from either management or employees and are acted upon as projects with a nominated or volunteered project owner and team. People get involved because they value the challenge that the company provides and because most of them, as shareholders, have a vested interest in the company's success. The average age of employees is 39 and turnover is extremely low despite the value of the knowledge resources to other technology companies. Notice boards and e-mail are used extensively and tri-annual social outings (plus regular golf outings) also serve a function of informing and consulting. The culture is one of openness and encouragement where anyone can have a good idea. The philosophy is to inform and consult as much as possible, as soon as possible. Very little is treated as confidential and the question is more when to involve employees rather than if. However there is also a strong belief that management have the right to manage. If decisions have to be taken (with or without consultation) then that will happen, though it was also evident that decisions can and do change as a result of consultation.

Generally employees are happy with the level of information and consultation. Employees are sure that they are kept well informed about what is happening. It is a very experienced and mature workforce, which has 'grown up' to expect its views to be heard and valued. There are some issues that they are not consulted about but that is generally accepted as the appropriate remit of management. The only apparent area for debate was the point at which employees became involved. Both management and employees could see many benefits to information and consultation processes and neither group could identify any significant barriers.

Musgrave Group Ltd

Musgrave Group Ltd is one of the largest privately owned companies in the state. Thomas and Stuart Musgrave founded the company 126 years ago in Cork as a small grocery business. Today it is a major international wholesale distribution company employing over 15,000 people directly and indirectly through its franchise network in sites across Ireland, the UK and Spain. While it is no longer a family-owned business, it has remained private and was not floated on the stock exchange (the Musgrave family controls 75% of the company share stock). Essentially the company distributes products on a wholesale basis to contracted retailers such as Supervalu and Centra. In 2001 the company expanded operations into the UK when it acquired the remaining 55% share in the Budgens Group of retailers that it didn't already own. In 2002 the company expanded further into wholesale and retail operation in Spain. The company had an annual turnover of €2.5 billion in 2001 and pre-tax profits of €47 million. The company has four sites in Ireland, at Dublin, Cork (HQ), Galway and Belfast. Strategic decisions are made both centrally and locally. The Galway site is the result of a take-over of Niland's Cash & Carry in 1989. The vast majority of employees on site (except management) are unionised and represented by SIPTU. Relations with the union are believed by management to be good. The company would be considered one of the best payers in the area and staff retention rates are very high.

Organisational change is not a major issue at the Galway site as the business is very much in 'steady state'. The two significant changes in the past two years have been the introduction of a computerised warehouse management system (as a pilot for the Group) and the acquisition of a major site in the greater Dublin area by the Group. The decision to introduce the computerised system was taken by central management. Consultation took place, through sub-teams and around implementation, and minor changes were made as a result. The system has radically changed the way the operation of the business is organised and management feels it has been very successful in terms of improved industrial relations, efficiency and increased productivity. Regarding the acquisition of the new site in Dublin, as soon as a bid had been accepted, employees were informed.

All of the operations work within Musgraves is done through devised work standards that have been established by consultant engineers and agreed with the union. Stock is stored in large warehouses and transported on demand to retail outlets under contract. The operation is essentially that of moving stock in, around and out of the warehouse. Management believes that employee involvement is very important within Musgraves and that this comes from a long established tradition. There are nine mechanisms for informing and consulting employees. These include an annual review of the business presented to all staff (site by site) by the chairman or MD, and monthly briefings addressing both central and local issues. For all briefings, a prepared document is issued from head office with space for local additions. This is then read out at the briefing and questions or comments are invited. While briefings are designed to encourage two-way communication, the information flow is often one-way. Consultation mechanisms include an annual employee attitude survey and issue-specific committees dealing with issues such as the fall-out from the survey, health and safety and quality accreditation. When a committee is being formed, a notice goes on the notice board asking for volunteers. The level of consultation would depend on the scale of the decision. Management makes strategic decisions centrally, and consultation takes place around implementation. Operational issues are dealt with through consultation where possible.

Management advocates an open-door policy and with less than 120 employees on site a lot of communication happens on an informal basis around the floor. Management decides what gets communicated and when, and the importance of the issue will determine the level in the management chain that is responsible for the communication. Generally the union will get to hear things at the same time as employees through a prepared brief. Management will also decide on issues of confidentiality although communication of decisions is more a matter of when than if, and commercial sensitivity will often determine when employees can be told. According to management, everything gets communicated 'warts & all'. There is a 360° appraisal system in operation and communication to staff is one of management's targets for evaluation.

Negotiations take place with the union over the usual industrial relations issues of pay, terms & conditions and grievances although there is no regular timetabled format for these negotiations. There is no other mechanism whereby management sits down with employee representatives. Management say that these meetings happen on a needs basis and the union can request a meeting at any time.

The union has limited involvement in the development of mechanisms for information and consultation and are critical of the design and effectiveness of some of them. Management believes that the company is committed to informing and consulting staff and that the mechanisms are in place to ensure that this happens.

The views of the employees and their representatives are noticeably different. The general view is that while employees are generally well informed they have very little opportunity to influence decisions. With regard to the dissemination of information, the feeling is that while they are given information, it is often at a very late stage and they have sometimes heard it elsewhere by then. Monthly meetings consist of the supervisor reading from a prepared statement and employees feel there is limited scope for discussion. Regarding consultation, in the past there was a forum called 'Making Partnership Work' which was considered a useful way for employees to have input but it is no longer in place. The task team, set up to review the results of the employee survey, was also considered to be an example of effective consultation. All other mechanisms are viewed as information-giving forums.

There is a feeling that the pressure for productivity is getting more and more intense and that while the financial incentives are enough to keep people going at the moment, there is some doubt as to how long this can last. Some of the mechanisms that are in place are not as effective as they should be, sometimes as a result of production pressures.

In summary, Musgraves does utilise a range of mechanisms for informing and consulting staff although perceptions of their effectiveness differ significantly across the participants.

Radisson SAS

In 1960, SAS Airlines opened its first hotel in Copenhagen and now operates or franchises 114 hotels in 37 countries in Europe, America, the Middle East and Africa, with another 42 properties under development. Radisson SAS opened its first Irish hotel in Dublin in 1998. Since then it has opened two other hotels, in Galway and in Limerick. Construction of further properties is underway in Letterkenny and Belfast. The Radisson SAS Hotel in Galway opened in 2001 and employs about 200 people. This facility has 200 bedrooms, two dining facilities, a dozen function rooms and a leisure centre. Since its opening, the Radisson SAS has been the main location for many of the largest social events in Galway. It has applied to Excellence in Tourism (the rating agency contracted by Bord Fáilte) for a 4* rating. While the Radisson SAS workforce in some of the Scandinavian properties is unionised, the Irish properties were opened as 'greenfield' sites and non-unionised.

As it was recently opened, there have not been any major changes introduced. However, six months ago, an incentive scheme was introduced with points awarded for appearance, time keeping, teamwork and positive customer comments. The head of department decides how many points will be awarded to each employee each week. The points are posted in the canteen.

Radisson SAS is open 24 hours per day, 365 days per year. Because of this, it has developed a number of individual information mechanisms to suit the differing needs of the various departments. Mechanisms designed to inform employees include a number of bulletin boards found in all departments and the canteen and updated daily. In the kitchen there is a 'function' board where the details of all events for the week that affect the kitchen are posted. *The Grapevine* is a newsletter, published monthly by the HR department in Galway with contributions actively sought. *Hotline*, the group newsletter, is also published monthly. In addition, heads of department, administrative staff and supervisors can access company e-mail and the intranet. Events for the day are posted on the intranet. A 'pocket card' is printed and given to each employee with the functions and events held during busy times such as Galway Race Week.

There are other formal and informal mechanisms that allow for both information and consultation. An employee attitude survey called the 'Climate Analysis' is conducted each year. The results are communicated to employees and used to formulate an action plan for each department. To emphasise the importance that senior management place on employee satisfaction, the results of the survey are linked to the bonus of department heads. Some departments conduct regular meetings either weekly or bi-weekly. At those meetings, employees are asked for their ideas and comments. In small departments, meetings are not held, but communication is constantly occurring as part of the day's work. In departments that work on shifts, there is a 'hand over' meeting and in some cases, there is a logbook that is passed between shifts. In other cases, the hand over is informal.

A monthly birthday party is held for all employees whose birthdays fall within that month and any other employees who are able to attend. The General Manager always attends. He announces information concerning the hotel or group. Employees can speak informally to him at the party. There is an Annual General Meeting to explain the property's finances, the attitude survey for the hotel and the business plan, with employees invited. Other social events are planned through the Social Club. There is what is known as the 'Green Team', which involves employees who consider ideas for promoting responsible business. Employees volunteer to join these groups.

Senior managers of the hotel have an open door policy and encourage department managers and supervisors to do the same. Most information is shared with employees, including investment plans, daily information on sales and staffing plans. Allowing access to this type of information is one way that Radisson SAS attempts to differentiate itself from other hotels.

The Radisson SAS in Galway is attempting to develop more mechanisms to increase consultation with staff. There is a corporate commitment to listening to employee opinions. The Managing Director asked for e-mails and letters from employees. The HR manager pointed out that legislation and their commitment to employee satisfaction is also pushing them in the direction of consultation. She believes that currently, the organisation is better at informing than consulting.

One of the ways that consultation is promoted is through training. The 'Star' programme is designed to improve the consultation skills of supervisors and junior managers. It includes training on team building as well as development of skills for giving presentations, and conducting interviews for recruitment, appraisals and discipline.

Generally, the staff is satisfied with the way the company communicates with it and could not identify any barriers to communication. It saw considerable benefits to good communications. It works better because it is informed. It understands what is happening in all departments. Most important, it is equipped to provide a good service to guests.

Tesco Ireland

Tesco Ireland is a subsidiary of Tesco PLC, a UK-based multinational that operates almost 1,000 retail food stores in nine countries in the EU, central Europe and Asia. Tesco's international growth strategy has two prongs: organic growth and growth by acquisition. In 1997, Tesco acquired the Power Supermarket Ltd Group. This chain included 76 stores that traded under the name of Quinnsworth/Crazy Prices in the Republic of Ireland and accounted for about 23% of the retail grocery market.

Tesco Ireland has its own board and management structure. Policies, strategies and decisions affecting Irish stores are developed at the head office in Dun Laoghaire. The number of stores remains unchanged at 76 but this masks underlying change. Tesco Ireland employs 10,000 people, an increase of 2,000 since 1997. They have invested over €400 million in redeveloping and modernising Irish stores. The 'Tesco' brand name has been introduced in nearly all locations and the company continues to support Irish suppliers.

The majority of employees working in the shops and depots are represented by Mandate. SIPTU and two regional butchers' unions represent the rest. The majority of clerical employees in the head office are not members of any trade unions.

The transition from Quinnsworth to Tesco has not been painless. In a tight labour market, Mandate, the trade union that represents the majority of retail workers, negotiated a series of PPF+ agreements with all of the major retailing chains. On June 29, 2001, Tesco workers staged a one-day strike for better terms and conditions. Tesco management realised that they needed to strengthen their relations with trade unions. They also believed that they needed to improve lines of communications between management and workers. This has led to the development of policies and structures affecting both communications and human resources.

A new joint collective consultation mechanism is now in place. The recently appointed head of HR has initiated a steering committee comprised of representatives of the two major trade unions and management. All industrial relations problems go through this committee. Additionally, this group is looking at a number of national issues including staffing levels, butchery, night shift, security and part-time worker legislation. Two other groups are looking at developing a 'model' agreement for all Tesco employees to replace local agreements, and at training and equality.

Information and the 'routes' that are used to convey the information originate from the head office. About a dozen new mechanisms were introduced or upgraded in the last eighteen months. These are designed to cascade information from the top down, both centrally and locally. The Internal Communications Department supplies guidelines for the effective use of each of these mechanisms to the head office, retail stores and depots.

Other mechanisms are used throughout the organisation. *Team5* is a weekly briefing routine with three messages. *Team Spirit* is an eight-page newsletter that is published quarterly for general distribution. The objective is to communicate items of interest to the group including appointments, charity efforts, human-interest stories and staff competitions. *Viewpoint*, an attitude survey, is conducted annually. Notice boards are used to communicate appropriate information about health and safety, benefits, social events, store vacancies and union announcements.

There are also specific mechanisms designed for head office employees. Weekly Team Meetings incorporate *Team5*, provide business updates, allow for information sharing and highlight what has gone well. Monthly meetings are conducted by the Heads of Departments and attended by his or her staff. A briefing document, '*Team talk*', is sent out from the Internal Communications Department prior to the meeting to ensure that the same information is communicated to all employees. Another item on the agenda is the 'Steering Wheel', Tesco's version of the Balanced Scorecard. This model is used throughout the organisation to manage business at every level. Progress is charted in four key areas: customer, operations, people and finance. Bi-annual meetings are designed to convey information about the business both locally and nationally, to celebrate success and solve problems.

A weekly Senior Managers' Meeting is held in the stores. The Steering Wheel is discussed as well as other items that are mainly store-specific. The store notice board also displays the Steering Wheel in a

central area, with information that is store specific along with other items like promotions, union information and Social Club news. A dry wipe board is updated several times a week with information relating to operational issues like changes to delivery times, special staffing needs and new product announcements. At one store, a thriving Social Club pre-dates the Tesco take-over and is supported by senior managers. Weekly contributions by employees are used to fund nights out and contests. This raises camaraderie and allows for the informal discussion of work-related issues.

The employee response to change varies. Information and communication systems work well at the head office where the 'cascade down' mechanism is more embedded than at the stores. Staff input tends to be more meaningful at the departmental, rather than the organisational level. For example in some departments, the information from *Viewpoint* (the attitude survey) is used to develop action plans but in other departments it is not used. While employees see a marked improvement since the strike, they would also like to be better informed about departments that are geographically and functionally separate.

There exist a number of barriers to employee voice, particularly at the level of the store. Centralised information and the channels to deliver information are not consistent. Those that attend the Senior Managers' meetings feel very well informed while other employees have difficulty attending these meetings due to work pressures. Moreover, briefings are irregular and staff regards the newsletter as 'not very interesting.' Full-time store employees are more interested in local information rather than group information.

Store employees were also concerned about the lack of consultation about changes in work practices. A 'logbook' was presented to all department heads without explanation or training. They believe that corporate management is unconcerned about issues that affect local competitiveness. These vary from the size of the parking lot to the composition of the product mix.

One particular issue is the heterogeneous workforce. Employees in the stores are looking for different types of information than head office employees. Moreover, Tesco's found it difficult to use information to develop a common identity when locations are geographically dispersed.

Thermoking

Thermoking (TK) was founded in 1938 in Minneapolis, Minnesota. The Galway operation was established in 1976 and manufactures refrigerated truck and trailer units for the transportation of food products. The nature of work on the shop floor is best described as being similar to car assembly, with multi-function teams working on production lines. In 1997, Ingersol Rand (IR) acquired TK, and eight TK plants were closed worldwide as part of the company's rationalisation programme. In Ireland, TK in Dublin closed with the loss of 280 jobs, and all of the production work moved to the Galway facility.

The acquisition of TK by IR represents transformational type change. The nature of competition has transformed both working and managerial practices. In particular, internal competition emanating from within the IR group means that different plants compete to produce related products within the IR portfolio of products. As a result of this TK is seeking to achieve the status of a 'centre for excellence'. The most significant changes arising from these developments have been in the area of outsourcing non-core jobs such as sheet metal fabrication, manual welding and machining. As a result, there have been 120 voluntary redundancies at the Galway plant, and the reorganisation of work practices has introduced a greater degree of job rotation and flexibility between production lines.

A range of direct (individual) and indirect (collective) voice mechanisms exist at TK. Three particular collective mechanisms currently operate at the plant. First, a joint union-management committee meets on a monthly basis. This includes representatives from the AMICUS (for production staff) and TEEU (for technical staff) trade unions and is currently in the process of re-negotiating plant-wide terms and conditions (known as 'the yellow book'). There is no formal closed shop agreement, although union membership is pretty close to 100% for recognised grades. Second, there is a separate shop stewards committee, which meets on a weekly basis to consider issues prior to meeting with management. Separate sub-committees of shop stewards report on specific issues as they arise. For instance, one sub-committee is looking at terms and conditions (the yellow book), another is reviewing seniority practices, and a third sub-committee is considering incentive schemes. Finally, there is a European Works Council, which meets twice yearly. The employee representative is chosen on the basis of election, and the present incumbent TK Galway employee representative is an area manager.

In addition, there are five individualised voice arrangements for management and employees to share information. One-way communications from management to workers include a bi-weekly TK newsletter as well as a daily IR bulletin newsletter, staff notices and team-specific target charts. Two-way communication flows occur mainly through monthly departmental meetings and periodic one-to-one communications between supervisor and employee. Finally, there is an improvement scheme that allows employees to make suggestions regarding improvements to product quality and work practices.

As noted in other case study summaries, any impact on change from consultation is difficult to predict. At TK, employees seemed highly enthused about the information they received in relation to operational matters. Production staff realise they are rarely, if ever, involved in actual decision-making, yet at the same time appear to be fully aware and generally supportive of the rationale for the changes that have occurred.

However, a few barriers and tensions also exist relating to consultation and change at TK, many of which management have been actively seeking to address. For example, it was noted that very little information is ever disseminated back from the EWC. Some area managers have a general distaste for involving staff, despite the organisation's push for greater information sharing. It was also accepted that some changes—redundancy and outsourcing—contained an element of mismanagement. In particular, the first wave of redundancies was introduced with very little information to staff and the consultation that did occur was too late to be meaningful. This led to some resistance from the workforce due to the prevailing view that their jobs were being given away to workers in other companies. However, management has learnt from this and the subsequent phases of outsourcing were implemented much more smoothly.

Overall, the workforce seem to trust the arrangements that now exist between management and unions in developing plans that will protect the future of the plant, in particular new systems to compete effectively within the internal IR market. For the people at TK, this has been a difficult and complicated road to travel, and the aim of achieving a 'centre for excellence' remains incomplete but on track for the future. Also, a number of issues remain unresolved at the Labour Court, though generally relations in the plant are very good, and both management and workers face the future with a hint of nervousness but charged with a swathe of optimism.

Patrick J Tobin & Company Ltd

Tobin's is a small to medium sized consultancy engineering firm. It is non-unionised and has its main office in Galway, with smaller branches in Dundalk, Castlebar and Limerick (and a joint venture based in Dublin). The company was founded in 1952 and is a private limited company. There are 98 employees, of whom the great majority are professional staff (civil and structural engineers and technical staff), with about 20 administrative employees. There is a high turnover of staff for those with less than two years' service, although once people have been employed with Tobin's for more than this time they tend to stay for much or the duration of their career. The core business activity for Tobin's is civil, structural and environmental engineering consultancy services, mostly for large-scale civil and public works. The company has an annual turnover of €6 million, which has increased by about 130% over the last 5 years. The market for consultancy engineering remains buoyant but nonetheless competitive, with quality and expertise of service as important as price.

The key change issue facing the company comes from its external environment. This relates to the methodology now being employed for the procurement of Public Works Contracts with the emphasis on 'Design Build Operate' (DBO) contracts, rather than traditionally procured contracts. The former type of contract is evaluated on the basis of the NPV of the schemes taking into account both capital and operational costs of the scheme as a whole over a twenty- five year operating period. This was principally assessed on the basis of technical merit and capital cost, sometimes with additional analysis on operating costs of individual plant items. This change issue does not impact on privately developed works. The role of engineering staff in the firm has always involved a large amount of project management, but with the change outlined above the consultancy and project management aspects have varied significantly.

A variety of mechanisms exist to communicate with rather than consult employees. Formal memoranda are transmitted conventionally or by e-mail, as is a monthly newsletter, and in-house training is provided on internal change systems. An annual performance appraisal is the main method used to discuss individual performance and review objectives between employer and employee, as well as to set individual pay rates and consider career plans. This also serves as a forum to air grievances. There is also, as is typical for a small firm, the informal grapevine. There is a relaxed culture in the company, with much of the information channelled through the personal and friendly ties that exist between the Directors and staff. Indeed, several employees commented that much information is disseminated either in the company canteen or at the local pub. Management seek to encourage a general open door and informal approach. Employees can, and do, talk to their section manager on matters that include work and non-work related issues.

Generally, employees felt that there is good communication, and that inter-personal relationships that develop over time help facilitate an understanding of change. At the same time, employees realised that the informal mechanisms to obtain information were not the same as consultation. The employer also explained that information is disseminated selectively. Only those employees involved on specific projects have access to financial data on the organisation and strategic development is purely the remit of the board of directors and senior management.

There were some identifiable barriers to implementing change and sharing information at Tobin's. Time pressures were evident across both managerial and staff grades. These pressures arose from the increased work that the practice took on during the boom years of the Celtic Tiger. Difficulties in recruiting suitable staff exacerbated these problems. This resulted in an increased burden on all employees and indeed limited the time available for both implementing and communicating change. Another barrier related to management style. It was reported that some section managers are more people-oriented than others are, and these tend to share information on a more regular basis. Finally, it was also felt that the performance review focused people's minds on pay and the individual's career development, rather than utilising the system to inform or consult employees about changes the organisation faced.

"Buy in" to change comes from the awareness of the professional staff of the need to survive and protect their own positions in an ever-changing external environment. Acceptance of change is not just due to the web of personal ties. Most of the technical staff are members of professional bodies such as the Institution of Engineers of Ireland, the Chartered Institute of Water and Environmental Management, the Institution of Structural Engineers and MBA associations. The journals, papers, and

training courses offered by such institutions are all available to professionally qualified staff, many of whom also participate in the presentation of papers and writing of articles. Access to these bodies provides employees with a very good system of keeping up to date with changes in their business area and this is fed back into the organisation in more informal than formalised ways.

It is difficult to assess the impact of a change initiative or mechanisms for informing and consulting staff in any organisation, although this is even more problematic in firms that have few formalised structures. At Tobin's there is some evidence that the informal and friendly nature of the organisation helps employees respond to change in a meaningful way. Examples were given where civil engineers had taken on more and more project management responsibilities. The difficulty, however, is that the apparent acceptance of change may be due to a web of personal ties rather than the processes of information helping employees fully understand the rationale and implications of change.

Overall, the mechanisms for implementing change and informing employees are typical for a small firm with a friendly and open style of management. Employees appear to receive adequate information concerned with operational and project matters, although corporate information remains the prerogative of directors— with no consultation whatsoever. At the same time, it should also be noted that the nature of professional consultancy/engineering employment carries with it a number of distinct characteristics. Employees are reasonably well educated, operate in a pretty secure and growing market, and are themselves highly articulate. Thus the nature of work and/or reliance on friendly and informal networks facilitates employee 'buy in' to change in this particular context.

Waterford Crystal

Waterford Crystal was established in 1783 to manufacture hand crafted glassware. Waterford Wedgwood plc was established in 1986 with the merger of Waterford Crystal and Wedgwood. With a combined history of over 600 years of heritage, tradition and craftsmanship, today Waterford Wedgwood is among the world's leading luxury lifestyle group with world class brands that include Waterford Crystal, Wedgwood, W C Designs, Rosenthal and All-Clad. At present WC is represented in 80 countries worldwide and has a combined workforce of over 9000.

WC has undergone significant change and rationalisation, for which many of the antecedents originated in the mid-1980s. In particular, the company faced economic recession, and was plagued by a lack of technological innovation, conflict-based industrial relations and a falling share of the high quality glass and crystal market. In response, the company consolidated its position by disposing of unrelated companies and acquiring Wedgwood. Additional changes were introduced in the late 1980s, many of which were extremely painful for both workers and the company. Redundancies, new technology, wage freezes and pay cuts, productivity savings and changes to work practices were all introduced. Many of these changes culminated in a 14-week strike in 1990.

More recent changes include a new market-driven approach to products, including an internal market based on a 'make or buy' strategy. In effect, WC has to tender to make its own products in competition with external suppliers. The criteria for successful contracts are based on both the quality of the product as well as price. At the time of the research, the majority of contracts were awarded to internal bids than to external competitors, for which consultation had a role to play.

In terms of employee voice, WC has long had an impressive range of mechanisms, many of which are collectively based systems of representation. There is a closed shop agreement with the AT&GWU for production grades, with three union representatives on paid release (two convenors at the main production site in Kilbarry, and one senior steward at a smaller facility in Dungarvan). There are four principal collective voice structures at WC. First, a Joint Negotiating Committee (JNC) meets on a weekly basis, sometimes daily, depending on the significance of any particular issue. This includes the senior union representatives, a full-time union official and the senior management team of directors. Second, a senior Monitoring Group (MG) also meets on a weekly basis. The objective of this group is significant in relation to the implementation of change. Senior union representatives and directors consult over a wide range of issues, including commercially sensitive information. Above all, the group is used as a sounding board prior to the joint negotiating committee and this facilitates an open and constructive dialogue without surprises for either side. Third, a number of Task Groups (TGs) comprising union and management representatives meet on a regular basis and consider information such as production schedules, shipping quantities, quality issues or costs. The task groups cannot make decisions but do often make recommendations and are extremely important when it comes to competing with external contractors. Finally, and supporting these senior structures, are separate Sectional Consultative Committees (SCCs). For example, glass blowers, cutters or packers have interdependent systems of representation at shop floor level. These section committees comprise of local shop stewards and managers.

Sitting alongside the collective voice mechanisms are several direct information and communication techniques. Electronic message boards exist around the site and in the works canteen and convey commercial and other information to employees. Section managers brief staff on a monthly basis, there is a company newsletter and notice boards, and full workforce meetings are held on average three times per year (held in small consecutive groups).

While cause and effect is always problematic, the impact of these consultation methods does appear to have a positive impact on the implementation of change. WC is an entirely different company to the one it was pre-1990. Employees are much more aware of the vagaries of the market place, and realise when order books are slack. Workers also expect management to be developing strategies for the future and are keen to know what these entail. Moreover, the processes of employee voice are just as important in this regard as the actual mechanisms. For example, both management and unions recognise they have different and, at times, conflicting roles and interests. There is also a clear understanding of the boundaries between consultation and negotiation. Ultimately, management makes the decisions and implements change, while the union role in questioning the employer's rationale for change is highly legitimised. Indeed, management values such a role. Overarching such understandings is a high priority placed on training, education and empathy with the concerns expressed by workers. For instance, craft employees who move into operative positions are supported,

both financially and through retraining, and are encouraged to develop wider employability skills beyond the walls of WC.

However, as with other companies in this study, the implementation of change and the utility of consultation can be problematic. At WC, it was felt that agreements were extremely robust and durable, though that did come at a cost. There were some frustrations about the speed at which decisions are reached, and both managers and workers are increasingly under time pressure to respond to change.

Overall, WC has undergone significant change. Many of these changes have been painful and implementation has not been smooth or straightforward. Above all, the existence of strong independent systems for employee information and consultation appears to have helped workers and management address adversity.

Western Health Board

The Western Health Board is one of 17 Health Boards in Ireland and provides health, welfare, personal and social services to people living in Roscommon, Mayo and Galway. In 2001 the WHB spent €530m on the delivery of these services. The Board is a major employer in the western region with over 7,500 staff.

The WHB has come from a long-established adversarial industrial relations tradition. This came to a head in 1997 when the advisory service of the Labour Relations Commission was invited in to make recommendations as to how the situation could be improved. As a result of the LRC report a central round-table forum of management and union representatives was set up. The purpose of the forum was to act as a mechanism for joint consultation. The round table subsequently became the board's partnership structure under the National Partnership Forum and eight local partnership committees have been established in locations throughout the WHB.

The WHB agreed to participate in this research on the conditions that only people currently involved in the partnership process be interviewed and that the research methodology be replicated in three separate WHB locations. The objective of this more detailed approach was to gain a more representative picture of a highly complex organisation. The three areas that participated in the research were, Mayo General Hospital, Galway Community Services and East Galway Mental Health. The first two have an established partnership structure and the third is currently evolving a structure. It is important to make the point that employees involved in the partnership process are not necessarily representative of WHB employees generally. Indeed it could be argued that their exposure to a consultation process, such as partnership, biases the sample. It is also worth mentioning that the WHB is very diverse in terms of disciplines, functions, departments and locations. Consequently, it is difficult to take a 'snapshot' of three distinct locations and use them to draft a picture of the WHB as an entity. Culture, history, policies and practices differ between locations despite the umbrella structure of the Board. Having said that, some commonalities became evident during the course of this research and it is on these similarities that this summary will focus.

While the history of the WHB would be that of a bureaucracy with adversarial industrial relations, much change has taken place in recent years. The 'push' for change seems to come from the attempts at modernisation of the public sector, the recently developed health strategy and the appointment of key personnel as change agents (most notably the current CEO). In many ways change has become a reality within the health boards. While much of it is incremental rather than transformational it can have far reaching implications, for example the recent announcements of cutbacks. Lack of funding has been less of an issue in recent years and consequently many of the changes were in the areas of service development and restructuring. The tradition has been for changes to be announced, often from central government, with little or no scope for employee influence except through union representatives. Efforts are now being made, where possible, to consult in advance of change at least about the logistics of implementation.

Areas within the WHB employ a range of mechanisms for informing and consulting employees. Some of these mechanisms would be Board-wide and some would be specific to a particular location or function. The range of direct mechanisms for information and consultation has expanded in recent years and includes an extensive paper trail and limited, but increasing, use of e-mail. Team/section briefings are also common although the frequency and content is largely left to the prerogative of the individual manager. Management advocates an open door policy and while the history of mistrust takes time to overcome, employees are beginning to articulate their views and suggestions. In certain locations, management and staff know each other very well and this facilitates informal networks of communication. Staff are frequently surveyed about their views of particular initiatives. Quality circles (with various titles) exist in most locations for the purpose of suggesting and implementing improvements to service delivery. Management conduct site and function briefings on a needs basis, as with the announcement of the recent budget cutbacks. Manual notice boards and local/WHB newsletters are active and informative mechanisms.

Indirect mechanisms include a long-established collective bargaining structure with representatives from management and unions. The majority of WHB employees are unionised across a range of different unions and historically the unions have been very influential at both operational and strategic levels. The other main indirect mechanism is the round table/partnership process, which has been developing since 1997. The emphasis is on enabling employees, through their representatives, to

contribute to decision-making. While there is some scepticism as to the scope of influence within the partnership forum, it is generally well received by those involved and tangible outcomes have been achieved. Approximately 70 of the 7,500 staff are actively involved in the partnership process although attempts are made to involve a wider number through sub-committees and to communicate the successes of the forum to the rest of the employees.

Within the WHB there is a huge amount of information in circulation and it is not always tailored to the needs of different audiences. Employees feel that they are reasonably well informed about local issues but not about central developments within the Board. Traditionally mechanisms would have focused on the delivery of information at management's discretion. More recently there has been a move towards more consultative methods. The service planning process introduced under the new health strategy is based on consultation and marks a radical departure from the way the process used to operate.

Woodlands House Hotel

Woodlands House Hotel is family-owned and situated one mile from Adare, Co Limerick. It opened as a bed and breakfast in 1973. There have been five significant expansions since then. The 3*, Grade A property now has 94 bedrooms, a restaurant, bistro and pub, extensive banqueting and conferencing facilities, and a leisure centre. The hotel employs 125 full time employees comprising three senior managers, 39 heads of department or supervisors and operational staff. Employees are not represented by a trade union.

An attempt to implement change in 1999, the period of the last major expansion, was traumatic. Thirty-seven bedrooms and the leisure centre were added. The increased size strained the managers who had been traditionally promoted as a reward for good service rather than for their managerial education or skills. When the senior management team attempted to introduce a new system to professionalise their managers, many quit.

In their search for new ideas, the senior management team attended the CERT (state tourism and training agency) Hospitality Conference in November 2000. Speakers from various industries introduced the concept of best practice as a continuous improvement mechanism. In order to operationalise this concept within their hotel, the team visited the Schindlerhof Hotel in Nuremberg, Germany. This hotel, owned by Klaus Kobjoll, won the European Quality Award for Independent SMEs. After observing the operations of the hotel and discussing ideas with Kobjoll, the senior management team returned to Limerick. In the past 18 months, new policies and structures were added to existing mechanisms of information and consultation. The result is a 'bottom up' approach to developing and implementing best practices. Most information and consultation mechanisms are related to the company's objective of constantly improving the standards of guest service.

Four individual voice mechanisms for one-way communication are in place at the Woodlands. First, there are bulletin boards in the canteen that display sports and social club news and events, best practice updates, upcoming training and education courses, the employee of the month, bullying and sexual harassment policies and general news about hotel employees. Bulletin boards in each department display the work schedule as well as minutes from meetings. Second, each department and each team has its own tray or 'in box'. The head of department collects memos, minutes of team meetings and other information that is posted, if appropriate, on their department bulletin board. Third, in the past 18 months, each department head has developed standard operating procedures for their area. These are used as a training tool during the induction of new staff. Fourth, important information is attached to individual pay slips.

There are also at least nine individual consultation mechanisms in place. The most important mechanism is the department meeting. This is held in all departments, every week. As the staff work on different shifts, the minutes are posted on the department bulletin board and employees who do not attend are required to sign off after reading. Second, heads of departments use various methods to develop 'ideas sheets', with prizes awarded on a monthly basis for the best ideas.

Third, bi-weekly team meetings are held to develop 'best practices' on particular themes. After returning from Nuremberg, the senior management team introduced a structure of 'self-directed' teams working in seven areas: strategy, human resources, new product development, maintenance, cost control, quality control and technology and the environment. In general, team membership is self-selected, based on individual interests. All of the managers and supervisors are on teams with about 30 operational staff members. The 'idea sheets' are distributed to the relevant team and provide one source of inspiration to develop best practice. Half-day sessions are held bi-monthly so that each group can report their progress to the senior management team, the members of other teams and any interested employees. A fifteen-minute formal presentation is followed by a question-and-answer period. The content of the presentations includes what has been done to implement best practice in the past two months, what remains to be done in the future, and any barriers. The types of changes vary in complexity and cost. Changes introduced include: altering the menu to promote new desserts that have not been selling, increasing the number of attitude surveys from two per year to four per year and purchasing a new cutlery polishing machine.

Fourth, each new employee receives induction training, which includes a two-hour meeting with a senior member of the HR department to review the job description and to discuss the employee's aspirations. The new employee is then asked to rewrite their job description. The revised job description forms the basis of the new employee's relationship with the Woodlands. Senior management introduced this mechanism to improve employee commitment. Fifth, each employee has a 'job chat' with his/her head of department or with the HR department every few weeks. Sixth, there is an appraisal system linked to training and development. Seventh, the attitude survey is currently administered two times a year though this may increase to four times per year. The HR team compiles the results and holds meetings to discuss them with employees. Eighth, guests are encouraged to fill out comment cards, which are shared with employees in order to give credit or to initiate improvements. Finally, there is a letterbox in the canteen for any anonymous suggestions that an employee wants to make.

Employees at Woodlands believe that they can contribute to future plans, work practices, health and safety and even pay. They are generally interested in what is happening within their department and the hotel. Those participating on teams find the bi-monthly sessions 'informative' and 'motivating'. Staff members were unable to think of any barriers to information or consultation. Possible communication problems resulting from different shift patterns and part-time workers have been overcome. Interdepartmental issues are resolved informally because the hotel is still small enough that everyone knows each other. All employees believe the best practice orientation and the team structure will continue to benefit the hotel into the future.

Senior management at the Woodlands have adopted an inclusive and proactive approach to change. Recognising problems that threatened the long-term future of their business, they actively sought new ideas from state bodies and industry leaders. However, the future for a small business in a highly competitive industry is challenging. Thus far, the hotel has used its small size to its advantage. Continued success requires that the constant stream of ideas continue, though problems of idea fatigue could threaten the progress to date.

APPENDIX TWO

THE EUROPEAN EMPLOYEE INFORMATION AND CONSULTATION DIRECTIVE

**DIRECTIVE 2002/14/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 11 March 2002 establishing a general framework for informing and consulting employees in the
European Community**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty establishing the European Community, and in particular Article 137(2) thereof,
Having regard to the proposal from the Commission (1),
Having regard to the opinion of the Economic and Social Committee (2),
Having regard to the opinion of the Committee of the Regions (3),
Acting in accordance with the procedure referred to in Article 51 (4), and in the light of the joint text approved
by the Conciliation Committee on 23 January 2002,

Whereas:

(1) Pursuant to Article 136 of the Treaty, a particular objective of the Community and the Member States is to promote social dialogue between management and labour.

(2) Point 17 of the Community Charter of Fundamental Social Rights of Workers provides, *inter alia*, that information, consultation and participation for workers must be developed along appropriate lines, taking account of the practices in force in different Member States.

(3) The Commission consulted management and labour at Community level on the possible direction of Community action on the information and consultation of employees in undertakings within the Community.

(4) Following this consultation, the Commission considered that Community action was advisable and again consulted management and labour on the contents of the planned proposal; management and labour have presented their opinions to the Commission.

(5) Having completed this second stage of consultation, management and labour have not informed the Commission of their wish to initiate the process potentially leading to the conclusion of an agreement.

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

(7) There is a need to strengthen dialogue and promote mutual trust within undertakings in order to improve risk anticipation, make work organisation more flexible and facilitate employee access to training within the undertaking while maintaining security, make employees aware of adaptation needs, increase employees' availability to undertake measures and activities to increase their employability, promote employee involvement in the operation and future of the undertaking and increase its competitiveness.

(8) There is a need, in particular, to promote and enhance information and consultation on the situation and likely

development of employment within the undertaking and, where the employer's evaluation suggests that employment within the undertaking may be under threat, the possible anticipatory measures envisaged, in particular in terms of employee training and skill development, with a view to offsetting the negative developments or their consequences and increasing the employability and adaptability of the employees likely to be affected.

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

(10) The Community has drawn up and implemented an employment strategy based on the concepts of 'anticipation', 'prevention' and 'employability', which are to be incorporated as key elements into all public policies likely to benefit employment, including the policies of individual undertakings, by strengthening the social dialogue with a view to promoting change compatible with preserving the priority objective of employment.

(1) OJ C 2, 5.1.1999, p. 3.

(2) OJ C 258, 10.9.1999, p. 24.

(3) OJ C 144, 16.5.2001, p. 58.

(4) Opinion of the European Parliament of 14 April 1999 (OJ C 219, 30.7.1999, p. 223), confirmed on 16 September 1999 (OJ C 54, 25.2.2000, p. 55), Council Common Position of 27 July 2001 (OJ C 307, 31.10.2001, p. 16) and Decision of the European Parliament of 23 October 2001 (not yet published in the Official Journal). Decision of the European Parliament of 5 February 2002 and Decision of the Council of 18 February 2002.
EN Official Journal of the European Communities 23.3.2002 L 80/30

(11) Further development of the internal market must be properly balanced, maintaining the essential values on which our societies are based and ensuring that all citizens benefit from economic development.

(12) Entry into the third stage of economic and monetary union has extended and accelerated the competitive pressures at European level. This means that more supportive measures are needed at national level.

(13) The existing legal frameworks for employee information and consultation at Community and national level tend to adopt an excessively a posteriori approach to the process of change, neglect the economic aspects of decisions taken and do not contribute either to genuine anticipation of employment developments within the undertaking or to risk prevention.

(14) All of these political, economic, social and legal developments call for changes to the existing legal framework providing for the legal and practical instruments enabling the right to be informed and consulted to be exercised.

(15) This Directive is without prejudice to national systems regarding the exercise of this right in practice where those entitled to exercise it are required to indicate their wishes collectively.

(16) This Directive is without prejudice to those systems which provide for the direct involvement of employees,

as long as they are always free to exercise the right to be informed and consulted through their representatives.

(17) Since the objectives of the proposed action, as outlined above, cannot be adequately achieved by the Member States, in that the object is to establish a framework for employee information and consultation appropriate for the new European context described above, and can therefore, in view of the scale and impact of the proposed action, be better achieved at Community level, the Community may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve these objectives.

(18) The purpose of this general framework is to establish minimum requirements applicable throughout the Community while not preventing Member States from laying down provisions more favourable to employees.

(19) The purpose of this general framework is also to avoid any administrative, financial or legal constraints which would hinder the creation and development of small and medium-sized undertakings. To this end, the scope of this Directive should be restricted, according to the choice made by Member States, to undertakings with at least 50 employees or establishments employing at least 20 employees.

(20) This takes into account and is without prejudice to other national measures and practices aimed at fostering social dialogue within companies not covered by this Directive and within public administrations.

(21) However, on a transitional basis, Member States in which there is no established statutory system of information and consultation of employees or employee representation should have the possibility of further restricting the scope of the Directive as regards the numbers of employees.

(22) A Community framework for informing and consulting employees should keep to a minimum the burden on undertakings or establishments while ensuring the effective exercise of the rights granted.

(23) The objective of this Directive is to be achieved through the establishment of a general framework comprising the principles, definitions and arrangements for information and consultation, which it will be for the Member States to comply with and adapt to their own national situation, ensuring, where appropriate, that management and labour have a leading role by allowing them to define freely, by agreement, the arrangements for informing and consulting employees which they consider to be best suited to their needs and wishes.

(24) Care should be taken to avoid affecting some specific rules in the field of employee information and consultation existing in some national laws, addressed to undertakings or establishments which pursue political, professional, organisational, religious, charitable, educational, scientific or artistic aims, as well as aims involving information and the expression of opinions.

(25) Undertakings and establishments should be protected against disclosure of certain particularly sensitive information.

(26) The employer should be allowed not to inform and consult where this would seriously damage the undertaking or the establishment or where he has to comply immediately with an order issued to him by a regulatory or supervisory body.

(27) Information and consultation imply both rights and obligations for management and labour at undertaking or establishment level.

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(28) Administrative or judicial procedures, as well as sanctions that are effective, dissuasive and proportionate in relation to the seriousness of the offence, should be applicable in cases of infringement of the obligations based on this Directive.

(29) This Directive should not affect the provisions, where these are more specific, of Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies ⁽¹⁾ and of Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses ⁽²⁾.

(30) Other rights of information and consultation, including those arising from Council Directive 94/45/EEC of 22 September 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees ⁽³⁾, should not be affected by this Directive.

(31) Implementation of this Directive should not be sufficient grounds for a reduction in the general level of protection of workers in the areas to which it applies,
HAVE ADOPTED THIS DIRECTIVE:

Article 1

Object and principles

1. The purpose of this Directive is to establish a general framework setting out minimum requirements for the right to information and consultation of employees in undertakings or establishments within the Community.
2. The practical arrangements for information and consultation shall be defined and implemented in accordance with national law and industrial relations practices in individual Member States in such a way as to ensure their effectiveness.
3. When defining or implementing practical arrangements for information and consultation, the employer and the employees' representatives shall work in a spirit of cooperation and with due regard for their reciprocal rights and obligations, taking into account the interests both of the undertaking or establishment and of the employees.

Article 2

Definitions

For the purposes of this Directive:

- (a) 'undertaking' means a public or private undertaking carrying out an economic activity, whether or not operating

for gain, which is located within the territory of the Member States;

(b) 'establishment' means a unit of business defined in accordance with national law and practice, and located within the territory of a Member State, where an economic activity is carried out on an ongoing basis with human and material resources;

(c) 'employer' means the natural or legal person party to employment contracts or employment relationships with employees, in accordance with national law and practice;

(d) 'employee' means any person who, in the Member State concerned, is protected as an employee under national employment law and in accordance with national practice;

(e) 'employees' representatives' means the employees' representatives provided for by national laws and/or practices;

(f) 'information' means 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;

(g) 'consultation' means the exchange of views and establishment of dialogue between the employees' representatives and the employer.

Article 3

Scope

1. This Directive shall apply, according to the choice made by Member States, to:

(a) undertakings employing at least 50 employees in any one Member State, or

(b) establishments employing at least 20 employees in any one Member State.

Member States shall determine the method for calculating the thresholds of employees employed.

2. In conformity with the principles and objectives of this Directive, Member States may lay down particular provisions applicable to undertakings or establishments which pursue directly and essentially political, professional organisational, religious, charitable, educational, scientific or artistic aims, as well as aims involving information and the expression of opinions, on condition that, at the date of entry into force of this Directive, provisions of that nature already exist in national legislation.

3. Member States may derogate from this Directive through particular provisions applicable to the crews of vessels plying the high seas.

(1) OJ L 225, 12.8.1998, p. 16.

(2) OJ L 82, 22.3.2001, p. 16.

(3) OJ L 254, 30.9.1994, p. 64. Directive as amended by Directive 97/74/EC (OJ L 10, 16.1.1998, p. 22).

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Article 4

Practical arrangements for information and consultation

1. In accordance with the principles set out in Article 1 and without prejudice to any provisions and/or practices in force more favourable to employees, the Member States shall determine the practical arrangements for exercising the right to information and consultation at the appropriate level in accordance with this Article.

2. Information and consultation shall cover:

(a) information on the recent and probable development of the undertaking's or the establishment's activities and economic situation;

(b) information and consultation on the situation, structure and probable development of employment within the

undertaking or establishment and on any anticipatory measures envisaged, in particular where there is a threat to employment;

(c) information and consultation on decisions likely to lead to substantial changes in work organisation or in contractual relations, including those covered by the Community provisions referred to in Article 9(1).

3. Information shall be given at such time, in such fashion and with such content as are appropriate to enable, in particular, employees' representatives to conduct an adequate study and, where necessary, prepare for consultation.

4. Consultation shall take place:

(a) while ensuring that the timing, method and content thereof are appropriate;

(b) at the relevant level of management and representation, depending on the subject under discussion;

(c) on the basis of information supplied by the employer in accordance with Article 2(f) and of the opinion which the employees' representatives are entitled to formulate;

(d) in such a way as to enable employees' representatives to meet the employer and obtain a response, and the reasons for that response, to any opinion they might formulate;

(e) with a view to reaching an agreement on decisions within the scope of the employer's powers referred to in paragraph 2(c).

Article 5

Information and consultation deriving from an agreement

Member States may entrust management and labour at the appropriate level, including at undertaking or establishment level, with defining freely and at any time through negotiated agreement the practical arrangements for informing and consulting employees. These agreements, and agreements existing on the date laid down in Article 11, as well as any subsequent renewals of such agreements, may establish, while respecting the principles set out in Article 1 and subject to conditions and limitations laid down by the Member States, provisions which are different from those referred to in Article 4.

Article 6

Confidential information

1. Member States shall provide that, within the conditions and limits laid down by national legislation, the employees' representatives, and any experts who assist them, are not authorised to reveal to employees or to third parties, any information which, in the legitimate interest of the undertaking or establishment, has expressly been provided to them in confidence.

This obligation shall continue to apply, wherever the said representatives or experts are, even after expiry of their terms of office. However, a Member State may authorise the employees' representatives and anyone assisting them to pass on confidential information to employees and to third parties bound by an obligation of confidentiality.

2. Member States shall provide, in specific cases and within the conditions and limits laid down by national legislation, that the employer is not obliged to communicate information or undertake consultation when the nature of that information or consultation is such that, according to objective criteria, it would seriously harm the functioning of the undertaking or establishment or would be prejudicial to it.

3. Without prejudice to existing national procedures, Member States shall provide for administrative or judicial review procedures for the case where the employer requires confidentiality or does not provide the information in accordance

with paragraphs 1 and 2. They may also provide for procedures intended to safeguard the confidentiality of the information in question.

Article 7

Protection of employees' representatives

Member States shall ensure that employees' representatives, when carrying out their functions, enjoy adequate protection and guarantees to enable them to perform properly the duties which have been assigned to them.

Article 8

Protection of rights

1. Member States shall provide for appropriate measures in the event of non-compliance with this Directive by the employer or the employees' representatives. In particular, they shall ensure that adequate administrative or judicial procedures are available to enable the obligations deriving from this Directive to be enforced.

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2. Member States shall provide for adequate sanctions to be applicable in the event of infringement of this Directive by the employer or the employees' representatives. These sanctions must be effective, proportionate and dissuasive.

Article 9

Link between this Directive and other Community and National provisions

1. This Directive shall be without prejudice to the specific information and consultation procedures set out in Article 2 of Directive 98/59/EC and Article 7 of Directive 2001/23/EC.

2. This Directive shall be without prejudice to provisions adopted in accordance with Directives 94/45/EC and 97/74/EC.

3. This Directive shall be without prejudice to other rights to information, consultation and participation under national law.

4. Implementation of this Directive shall not be sufficient grounds for any regression in relation to the situation which already prevails in each Member State and in relation to the general level of protection of workers in the areas to which it applies.

Article 10

Transitional provisions

Notwithstanding Article 3, a Member State in which there is, at the date of entry into force of this Directive, no general, permanent and statutory system of information and consultation of employees, nor a general, permanent and statutory system of employee representation at the workplace allowing employees to be represented for that purpose, may limit the application of the national provisions implementing this Directive to:

- (a) undertakings employing at least 150 employees or establishments employing at least 100 employees until 23 March 2007, and
- (b) undertakings employing at least 100 employees or establishments employing at least 50 employees during the year following the date in point (a).

Article 11

Transposition

1. Member States shall adopt the laws, regulations and administrative provisions necessary to comply with this Directive not later than 23 March 2005 or shall ensure that management and labour introduce by that date the required provisions by way of agreement, the Member States being obliged to take all necessary steps enabling them to guarantee the results imposed by this Directive at all times. They shall forthwith inform the Commission thereof.

2. Where Member States adopt these measures, they shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by the Member States.

Article 12

Review by the Commission

Not later than 23 March 2007, the Commission shall, in consultation with the Member States and the social partners at Community level, review the application of this Directive with a view to proposing any necessary amendments.

Article 13

Entry into force

This Directive shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

Article 14

Addresses

This Directive is addressed to the Member States.

Done at Brussels, 11 March 2002.

For the European Parliament

The President

P. COX

For the Council

The President

J. PIQUÉ I CAMPS

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