

# Is Ireland Becoming 'Union-Free'?

When I first became interested in the non-union sector in the 1980's, this was a somewhat exotic topic, peripheral to the main thrust of Industrial Relations where the collective bargaining model predominated.

Over the next couple of years, the pattern began to change. Working as a consultant, I met incoming organisations committed to establishing a direct relationship with employees. In addition, several existing clients were anxious to secure high flexibility, and low conflict, and wanted to know if this could be achieved in a unionised setting<sup>1</sup>.

'In ever increasing numbers management teams began to explore the non-union model which moved from the fringes to the centre of the industrial relations stage. At management conferences, HR and line executives came out of closet and began to declare - 'we're non-union and proud of it' – no longer afraid of public disapproval or a backlash from the press or trade unions. In Ireland today, managing a non-union organisation has moved from being an unspoken strategy to a legitimate alternative mode of operation. The non-union model stands alongside collective bargaining and is beginning to dominate thought leadership in employee relations practices<sup>2</sup>.

## The Non-Union Sector in Ireland

'While there is very little formal research on the size of the non-union sector, the data which is available clearly shows the growth of the sector. A central point is that within the private sector, the level of union penetration hovers around 15% i.e. the vast majority of private sector employees are non-union (the statistics are outlined in more detail in the book). Bottom Line: The non-union sector has arrived and is here to stay<sup>3</sup>.



## Growth of the Non-Union Sector in Ireland

### Irish Management Institute Survey (1973)

<i>Firm Size</i>	<i>% of Non-Union Firms in Sample</i>
500+	0%
100 – 499	4%
25 - 99	32%

### Industrial Development Authority Report (1984)

<i>Firm Size</i>	<i>% of Non-Union Firms in Sample</i>
251+	13%
100 - 250	13%
50 - 100	7%

### Incoming Multi-Nationals (1995-2005)

<i>Firm Size</i>	<i>% of Non-Union Firms in Sample</i>
All sizes	90%+ take the non-union route

<sup>1</sup> Summary notes from *Union Free: Creating a Committed and Productive Workforce* by Dr. Paul Mooney.

<sup>2</sup> Based on estimates from officials in the Industrial Development Authority and members in the Chartered Institute of Personnel and Development. This 'soft' data was empirically confirmed in the study of Greenfield sites conducted by Professor Paddy Gunnigle of Dublin City University.

## Revamping an Existing Industrial Relations Strategy

An industrial relations strategy is always easier to craft in a greenfield setting ('birth is easier than reincarnation'). However, it is possible to achieve movement from wherever you currently are. In essence, there are four separate strategies available:

1. Maintain the Status Quo with unions.
2. Union Minimisation - where unions are effectively sidelined.
3. Co-operative Bargaining - a partnership approach.
4. Union-Avoidance - establishing a non-union operation and maintaining this through the use of sophisticated Human Resource practices.

There are pros and cons associated with each approach and these have to be explored in the context of the individual company and its industrial relations history.

## The Non-Model is Becoming the Preferred Option

'For many years incoming multi-nationals chose to establish a relationship with trade unions, often negotiating pre-employment agreements. In the same way that customers of Ford could have any colour they wanted – as long as it was black – incoming companies could influence the employment relationship provided they recognised a union. Ireland had a history of unionisation which was bone deep – with trade unions occupying a respected place in the industrial and political landscape. For reasons too complex to go into in this short article, the 'unionised model' predominated. However, an increasing number of multi-nationals came from locations (particularly in the US) which had little tradition of collective bargaining. Some of these companies preferred to establish a direct relationship with employees. From the mid 1970's onward a small but influential group of pioneering companies (Wang, Digital and Amdahl were early leaders) began to experiment with the non-union model – which grew in size and importance as other companies were persuaded that 'it could be done'. With the emphasis on flexibility, direct communications and reduced levels of conflict, the non-

union model offered an alternative method of working. It rejected the idea of the employer as an enemy, replacing the class struggle with the struggle for markets. Increasingly it became us (the company) against them (the competition), not us (the workforce) against them (the management). Pete Goss, the British round-the-world sailor captured this point when he told his crew: *"The competition is outside the boat"*.

## Non Union Companies Keep Employees Downtrodden?

'A standard argument against non-union companies is that employees are exploited. One of the issues which causes confusion here is that the sector is not homogenous; it does contain some companies who seek unilateral control but do not have the commitment to employees which is required for the model to be effective. However, the better managed companies employ best-of-breed HR practices that essentially make unions unnecessary<sup>3</sup> and do not fit the exploitative stereotype. Quite apart from any ethical issues, exploiting employees simply doesn't work. In Ireland companies cannot enjoy the luxury of inattention to employee relations (if they wish to remain non-union). The Irish Constitution guarantees freedom of association – the right to form or join trade unions. Where employment practices are not up to scratch, employees vote with their feet and leave the organisation or opt to seek union recognition. The pro-employee model is not just a façade, a thin veneer of paternalism which keeps companies union free. The successful companies in this area recognise that unleashing talent through employee engagement provides a key competitive advantage and an array of sophisticated HR practices have evolved to support this philosophy. Done well, it goes way beyond sloganising about 'people are our most important asset'.

<sup>3</sup> I am aware that this is a 'unitary perspective' e.g. organisations should be cohesive and harmonious – with shared goals, values and interests between those contributing capital and those providing labour. Alternative (pluralist and Marxist) views exist which others have argued persuasively.

## It is Possible to have 'Good Employee Relations' in a Unionised Company?

'It is worthwhile to classify good and poor industrial relations as opposite ends of a continuum along which both unionised and non-union companies can be located. While operating on a non-union basis offers the best possibility of achieving excellent industrial relations, the better-managed unionised companies overlap with these. This concept can be expressed diagrammatically as follows:

### Organisation Climate in Unionised Versus Non-Union Companies



## Can Trade Union Leaders Deliver?

### Non Union Companies

'A counter argument to working on a non-union basis is that many of the supposed benefits of operating on a non-union basis can actually be achieved in a unionised environment. In some companies this is the case with the personnel policies and positive organisational climate being almost identical to the non-union sector. Management style, commitment and skill in dealing with employees (whether unionised or non-union) are key factors in the development of a productive workplace. But (and there is a but), it also requires energy from the trade union side, the conceptual skills to see a 'better tomorrow' and the personal confidence to lead members towards this. These skills are not always present in the local union leadership. Further, a difference in political orientation often separates unions from management and this is not easy to overcome (one former Irish trade union leader famously described profits as "*undistributed wages*").

The Irish research evidence supports the fact that contrary to the belief that the non-union sector is somehow exploitative, it is actually a more expensive way of operating. However, the benefits of organisation flexibility, speed and authority acceptance outweigh the increased operating costs. Given a caring organisation culture, the sophisticated non-union model of working is legitimate and has its place in the industrial relations landscape. As countries from Eastern Europe become more fully integrated and begin to encourage inward development, my guess is that the non-union model will continue to spread like a virus throughout the European Union.

- Paul Mooney Ph.D

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