



Recession drives change in workplace practices

Background
Employer survey
Employee survey

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Two major National Workplace Surveys covering 3,000 employers and 5,100 employees were published in September 2010. Data from 2009 were used to examine the changing workplace based on the views of Irish employers and employees. The recession's impact was found to be a strong driver for change within companies, with considerable changes in workplace practices being identified. A decline in hourly pay over the previous two years was reported by 21% of employees (more frequently by public than private sector workers). Trade union membership fell to 34% of the labour force.

Background

The results of the National Workplace Surveys 2009, covering over 3,000 employers and 5,100 employees, were published in two separate reports in September 2010 by the National Economic and Social Development Office ([NESDO](#)). The two surveys were conducted in 2009 by the Economic and Social Research Institute ([ESRI](#)) assisted by [Amárach Research](#).

[Volume 1 \(2.06Mb PDF\)](#) focuses on the perspectives and experiences of employees in their workplaces and [Volume 2 \(2.14Mb PDF\)](#) captures the views and experiences of employers. The surveys were designed to allow comparison with similar studies in 2003 so that ESRI could:

- track the development of workplace change since then;
- compare the situation of workplaces during a recessionary period to those in a period of economic growth.

However, differences in the questions asked mean that caution is needed when comparing figures on the prevalence of employment practices from both surveys. For example, the employer survey asked about the existence of a particular practice in the organisation but not how widely it was used. For instance, flexible working times or incentivised pay may be available to some employees but not to all. The authors expect this to lead to a difference in prevalence based on employer and employee reports, particularly among large organisations where a practice is not diffused throughout the organisation.

Employer survey

The employer survey, reported in [The changing workplace: A survey of employers' views and experiences \(2.06Mb PDF\)](#) (Volume 1) covers organisations employing almost 271,000 private sector and nearly 297,000 public sector workers.

Methodology

The sample for the employer survey included all the private sector companies and organisations that had completed the 2003 survey plus a representative sample of private sector companies. For the public sector, a census of all public sector employers was attempted. The sampling frame was based on 'local units' rather than enterprises.

The questionnaire was directed at the chief executive of private sector companies and the director or secretary general (as appropriate) of public sector organisations. It was posted to companies and organisations in March 2009. Employers could either return the questionnaire in a reply-paid envelope or complete the survey online.

The response rate was 40% in the private sector and 57% in the public sector. It was higher among private sector companies that had completed the survey in 2003 (60% compared with 36% of 'new' companies). The response rate was somewhat lower in the smallest companies (less than 11 employees) and for companies in 'other services' and construction (37–38%). The response rate was also higher among the larger public sector organisations.

The data were re-weighted or statistically adjusted prior to analysis to ensure they were fully representative of Irish workplaces. The data were also weighted to reflect total employment by sector and size.

Findings

The external challenges faced by both private and public sector employers in 2009 were ‘dominated by the recession’ (Volume 1, p. 9). The impact of the recession was identified as a strong impetus for change in both the public and private sectors. For instance, 68% of private sector employment was in organisations where the volume of business was lower than two years before and 64% was in companies where the downturn in the economy was causing intense pressure for change.

Coping with the economic downturn and budget constraints was causing intense pressure in 85–87% of the public sector organisations. The survey also found that:

- 61% of private sector employment was in companies employing fewer people than two years ago;
- almost half of employment was in companies that expected employment to decline further.

Employment practices

The research found ‘evidence of change in workplace practices and considerable progress in workplace development’ in the private sector (Volume 1, p. 15). There had been an increase in the adoption of new work practices, with half of companies experimenting with new ways of employees carrying out their work and 49% introducing new work practices such as teamwork/quality circles. This compared to just 31% in 2003.

According to the study, there had been an increase in the introduction of flexible working time, with 65% of companies saying they used flexible working times compared with 30% in 2003.

There had also been an increase in providing staff with information on change in the company, which, according to the report’s authors ‘may reflect the impact of the introduction of the Employees (Provision of Information and Consultation) Act 2006’ (Volume 1, p. 15). Some 80% of companies engaged in information/consultation on change in the company in 2009 (compared with 69% in 2003) and 70% engaged in information/consultation on business context.

The study paid particular attention to the combination or bundling of employment practices in public and private sector workplaces. Three groups of practices were distinguished:

- human capital development such as training, performance review, formal dispute resolution procedures and policy on equality/diversity;
- employee involvement such as information/consultation; direct employee involvement in decision-making and problem-solving, and employee discretion in carrying out work;
- ‘co-working’ or new ways of working together such as employees experimenting with new ways of working, networking and cross-division working, new work practices such as team-working and reduced hierarchy.

The impact of the recession is evident in the increased use of temporary lay-offs or involuntary reduction in working times and the reduction in the use of temporary staff. In the 2009 survey 50% of private sector companies reported using temporary lay-offs/involuntary reduction in working times compared with just 30% in 2003. Temporary workers were used by 50% of companies in 2003 but just 36% of companies in 2009.

Table 1 summarises the findings of the 2009 survey in the private and public sectors compared with those in the private sector in 2003.

Table 1: Employment practices (current and planned in next two years) (%)

	2009						2003
	Public sector			Private sector			Private sector
	Current	Planned	No	Current	Planned	No	Current
Human capital development/incentives							
Staff training and development for managers	97	2	1	77	7	16	71
Staff training and development for employees	87	2	11	82	6	12	81
Formal staff performance review	46	27	28	62	14	24	55
Formally agreed dispute resolution procedures	97	2	1	69	6	25	52
Explicit policy on equality/diversity	97	2	1	67	5	27	52
Employee involvement							
Information/consultation on change in company	75	4	20	80	4	16	69
Information/consultation on business context	88	12	0	70	5	25	–
Direct employee involvement in decisions	72	3	25	63	8	29	64
Employee discretion in carrying out work	44	3	54	67	3	30	64
Arrangements for work-life balance	98	1	1	56	8	36	42
Co-working: new ways of working together							
Employees experiment with new ways of carrying out work	61	12	27	50	11	39	–
Staff work on projects with other organisations (networking)	39	7	54	26	6	68	–
New work practices, e.g. teamwork/quality circles	83	9	8	49	11	40	31
Making organisation less hierarchical	22	15	63	52	5	43	–
Employees work across divisions within organisation	53	10	36	60	7	33	–
Formal and informal partnership							
Formal partnership	96	1	2	16	2	82	16

	2009						2003
	Public sector			Private sector			Private sector
	Current	Planned	No	Current	Planned	No	Current
arrangements							
Informal partnership style arrangements	69	2	29	34	5	61	33
Other strategies							
Introduction of performance-related pay	14	6	80	–	–	–	–
Profit-sharing/share options/gain-sharing	–	–	–	20	5	75	23
Increasing managerial/supervisory control	52	5	43	46	5	48	–
Use of part-time staff	87	1	11	70	6	25	68
Use of agency workers (including occasional use)	41	3	56	13	5	82	–
Use of temporary labour/contract staff	83	1	16	36	8	55	50
Flexible working times	75	2	23	65	7	28	30
Individual discretion in managing budgets	71	6	23	–	–	–	–
Conducting staff surveys	51	24	26	–	–	–	–
Temporary lay-offs or involuntary reduction in working	48	6	46	50	10	40	30

Source: 'The changing workplace: A survey of employers' views and experiences', Table 6.1, used with permission of the authors.

Employee representation and collective bargaining at company level

Employers were asked the following questions relating to employee representation and collective bargaining:

- Does management in your company recognise any trade unions?
- Does your company have a staff association?
- Does the company engage in collective bargaining?

In general, employee representation was found to be more common in manufacturing and construction than in the service sectors. The survey found that rates of trade union recognition by employers for collective bargaining purposes in the private sector ranged from 22% of employment in financial/insurance/business services to 53% in the construction sector. Trade union recognition was found to be low in hotel/restaurant/other services and in the distribution sector (at 25% and 27% respectively). Note there is no mandatory trade union recognition in Ireland.

The financial/insurance/business services and manufacturing sectors were most likely to have staff associations (12% and 11% respectively) and construction the least likely (5%). According to the report, 'staff associations most often are a complement to trade union representation rather than an alternative' (Volume 1, p. 44).

Rates of collective bargaining were found to be highest in the manufacturing sector (29% in traditional manufacturing and 31% in high-tech manufacturing). Collective bargaining rates were considerably lower in distribution (16%), financial/insurance/business services (14%) and hotel/restaurant/other services (14%).

Only 18% of employment in construction was covered by collective bargaining despite the fact that union recognition rates are highest in this sector. The report states that 'the apparent contradiction between high levels of union recognition and low levels of collective bargaining in the construction sectors reflects the impact of the Registered Employment Agreement' in the sector (Volume 1, p. 44).

Registered Employment Agreements (REAs) are minimum rates of pay and conditions agreed between employers and workers in a sector or enterprise which are then registered with the [Labour Court](#). An agreement must satisfy a number of specific requirements before the Labour Court will register it. When registered with the Court, these agreements are legally binding, not only on the parties to the agreement but also to other employers in the sector to which the agreements apply. According to survey, REAs are 'negotiated centrally between the unions and employer organisations and then applied to the sector, so that there is no engagement of individual companies in collective bargaining in relation to pay rates' (Volume 1, p. 44).

Employee survey

The employee survey, reported in [The changing workplace: A survey of employees' views and experiences \(2.14Mb PDF\)](#) (Volume 2), covered 5,110 employees in the public and private sectors. The survey covered topics such as:

- workplace change;
- attitude to job;
- skills and learning/training;
- employee relations;
- employee involvement and participation.

When compared with a similar study carried out in 2003, the data provided ESRI with a unique opportunity to examine change in the Irish workplace over a period in which there was a dramatic shift in the Irish economy from rapid growth to deep recession, and to examine the impact of these changes on employees.

Methodology

The survey targeted employees in the public and private sectors aged 15 and over. Following a pilot study in February 2009, telephone interviews were carried out between March and June 2009.

The sample for the telephone survey was generated 'on a stratified random basis' (Volume 2, p. 152) from a database of landline telephone numbers (containing both listed and unlisted numbers). To ensure all regions of the country were represented, the database was sorted by area code. The response rate for the employee survey (calculated as completed interviews as a percentage of the total estimated eligible) was 50%.

Findings

The effects of the economic downturn were evident in employees' reports of their experiences over the preceding two years.

- Over half reported a reduction in staff numbers within their organisations in the preceding two years.
- One third said their job security had decreased compared to 4% in the 2003 survey.
- Just over a fifth (21%) of employees reported a decline in hourly pay in the previous two years – a finding that was uncommon in the 2003 survey. Some 37% of public sector workers reported a decline in pay compared to only 16% of those in the private sector.
- Over half (54%) of employees reported increased pressure at work compared with 34% in 2003. This finding could be linked to the economic downturn (for example as a knock-on effect from staff cuts or increased competition for markets/contracts).

Increased pressure could also arise from changing work practices, for example, increased devolution of responsibility to employees (61% reported an increase in responsibility) and up-skilling (45% reported an increase in the use of technology in their jobs).

Employee attitudes

'Despite the very difficult economic context', average satisfaction scores increased among private sector employees, although they decreased among public sector workers compared with the 2003 survey (Volume 2, p. 8). The level of organisational commitment also increased compared with 2003 as indicated by the finding that:

- the proportion of employees who would work harder to help the organisation to succeed increased from 81% in 2003 to 89% in 2009;
- the proportion who would turn down another job with higher pay to stay with the current organisation increased from 38% to 51%;
- the proportion who would take any job to stay with the organisation increased from 27% to 48%.

There was also a 'marked increase in the willingness of employees to accept change since 2003' (Table 2). Positive changes such as 'willingness to take on greater responsibility, to innovate and to up-skill' may 'indicate a level of agreement between employee attitudes and high-level policy objectives'. However, the report's authors caution that 'the increase in employees' willingness to accept poorer conditions, for example: increased pressure, increased supervision, and having to work unsocial hours, is likely to reflect the reduced bargaining power of employees' (Volume 2, p. 9).

Table 2: Willingness to accept changes in the next two years (%)

Aspect of employment	2003	2009
Increase in the responsibilities you have	73.8	84.7
Increase in the pressure you work under	44.3	56.9
Increase in the level of technology or computers involved in your work	75.3	89.0
Being more closely supervised or managed at work	40.8	59.9
Increase in the level of skills necessary to carry out your job	78.8	89.0

Aspect of employment	2003	2009
Having to work unsocial hours	30.9	45.9
Increased responsibility for improving how your work is done	-	90.5

Source: 'The changing workplace: A survey of employees' views and experiences', Table 1 used with permission of the authors.

Pay systems and work practices

Incentivised pay systems such as bonuses, profit-sharing and gain-sharing were found to be much more common in the private sector than the public sector: 'almost half of all employees in the private sector participate in an incentivised rewards system, compared to 11 per cent of public sector workers who are rewarded in this way' (Volume 2, p. 12).

Over two thirds (69%) of public sector workers receive a regular increment to their pay compared with only 41% of private sector workers. The survey found that those in receipt of incentivised rewards earned more on average than those on flat rate pay systems (all other things being equal).

Part-time working and flexible working time were found to be the most common forms of working time flexibility in the Irish labour market. The proportion of employees in workplaces with part-time hours increased from 53% in 2003 to 62% in 2009, and personal involvement in part-time work increased from 20% to 26%.

Nearly half (47%) of employees were in workplaces that used flexitime/flexible working in 2009 compared with 43% in 2003.

Employee representation

The proportion of workers reporting the presence of a trade union or staff association at their workplaces 'fell from 53 per cent in 2003 to 48 per cent in 2009' (Volume 2, p. 40). There was a corresponding decline in the number of workers reporting that they were a member of a trade union/staff association, that is, from 38% to 34%. According to the report:

The biggest decline in trade union presence in the workplace and union membership took place in the manufacturing and construction sectors. Union presence and membership has remained stable in the public sector and has increased in the education sector, which is predominantly public sector.

(National Workplace Surveys 2009, Volume 2, p. 40)

Trade union presence and membership sector are shown in Table 3. The figures correspond with findings from the employer survey, which found that employee representation in the private sector was more common in manufacturing and construction than in the services sectors. Rates of collective bargaining in the private sector were also found to be highest in the manufacturing sector (29% in traditional manufacturing and 31% in high-tech manufacturing) and were considerably lower in distribution (16%), financial/insurance/business services (14%) and hotel/restaurant (14%).

Table 3: Trade union presence and membership by sector, 2009 (%)

Sector	Trade union/staff association in workplace	Trade union/staff association member
Public	87.2	68.7
Private	36.3	24.9
Manufacturing industry and primary	47.4	33.1
Construction	30.8	22.5
Wholesale, retail	35.0	21.6
Hotel, restaurants	15.1	8.9
Transport, communication	59.6	46.2
Finance and other business services	35.8	19.8
Public administration and defence	90.7	69.3
Education	77.3	60.0
Health	58.7	50.8
Other services	25.5	17.6

Source: 'The changing workplace: A survey of employees' views and experiences', Table 2.10, used with permission of the authors.

Trade union membership among men has declined but women's membership has remained stable. Although there has also been a decline in membership among those aged under 40, it has increased among those aged over 40. Membership had also increased among workers with the lowest level of educational attainment. Significantly 'the greatest decline in membership occurred among third level graduates, who represent an increasing share of the workforce' (Volume 2, p. 40).

Employees were also asked about 'formal collective organisation in which employee representatives work with management'. The question was as follows:

Some workplaces establish committees on which unions work with management to promote partnership and co-operation, or to improve the organisation's performance. Do union officers or shop stewards represent members on any such committees in your workplace?

(National Workplace Surveys 2009, Volume 2, p. 57)

Just over 21% of employees indicated that formal partnership institutions were in place at their workplaces:

Public sector workers, with higher levels of union presence and membership, are much more likely to report the presence of partnership institutions in their workplace: 41 per cent, compared to less than 16 per cent in the private sector.

(National Workplace Surveys 2009, Volume 2, p. 58)

The presence of partnership institutions was most frequently reported by employees in public administration and defence:

The presence of partnership institutions is also clearly related to organisational size: only 5 per cent of workers in organisations with one to four employees report the presence of such institutions, compared to almost 37 per cent of those with 100 or more employees.

(National Workplace Surveys 2009, Volume 2, p 58)

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