

Practices and Policies of Companies Negotiating National Agreements An Irish Case Study¹

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Introduction

Corporate Social Responsibility (CSR) finds direct expression in a number of ways in Ireland. The Irish Business and Employers' Confederation (IBEC) has established and supports an organisation called *Business in the Community* to address CSR issues. Chambers Ireland, which draws together all the Chambers of Commerce throughout the country, sponsors an annual series of CSR awards. But CSR in the sense recognised by these initiatives does not feature in national social partnership negotiations or agreements. A closer analysis of the latest national social partnership agreement, however, suggests that decisions taken to guide social policy in the coming decade have significant implications for all of Ireland's people. This agreement has been negotiated and ratified by, among others, the leading organisations representing the corporate sector in Ireland.

This paper looks at one aspect of corporate activity in Ireland, i.e. the sector's involvement in the negotiation of national social partnership agreements. It outlines the process of 'social partnership' which has been central to Ireland's economic transformation over the past two decades. The social partnership process in Ireland, in its present form, was put in place to respond to a national crisis in the mid to late 1980s. It brought together key actors and government who, in effect, worked together for the common good. It involves employers' and business organisations, trade unions, farming organisations, the community and voluntary sector and government.

This paper goes on to reflect particularly on the recently-negotiated national agreement *Towards 2016* which provides a framework to underpin economic and social policy development in Ireland for a ten years (2006-2015). Two key concerns that shaped the development of this agreement are identified and the agreed responses are outlined. One of these concerned the persistence of social deficits in an economy that was performing very well. The other concerned the danger of a 'race to the bottom' as the economy expanded and workers from other EU countries and beyond the EU came to Ireland in search of employment. The outcomes are then reflected on from the perspective of Catholic Social Thought (CST) and Corporate Social Responsibility (CSR).

It is the authors' contention that while many of those involved in this process may not have paid special attention to this fact, the social partnership process does a number of things that are closely aligned with Catholic Social Thought while also being an

¹ Paper presented in session on *The Common Good in Society as a Whole* at the International Conference on *The Good Company - Catholic Social Thought and Corporate Social Responsibility in Dialogue*, Rome, October 6th, 2006.

² The authors are among the leaders of the 'community and voluntary' pillar of social partnership in Ireland. They have participated in the process since the establishment of the CV Pillar in 1996. They negotiated and signed the last four national agreements in Ireland.

exercise in Corporate Social Responsibility by the corporate sector that is far more substantial than even they may comprehend.

Social Partnership in Ireland - the process

Ireland has a national 'social partnership' process in place since 1987. This process brings together government and representatives of employers and business organisations, trade unions, farming organisations and the 'community and voluntary' (i.e. NGO) sector. These are known as the four 'pillars' of social partnership. Government and social partners negotiated six three-year national agreements between 1987 and 2005. A seventh national agreement entitled *Towards 2016*, with a ten-year framework, was finalised in mid-2006 to cover the period to 2015.

These national agreements have covered issues such as macro economic policy, social development, sharing prosperity, wages and employment conditions, social service provision, workplace relations, environment and a range of other related issues. These agreements have been seen as one of the principal instruments for turning Ireland's fortunes from being one of the poorest economies in the industrialised world to its current position as one of the world's leading economies.

The community and voluntary pillar were included in the social partnership process for the first time in 1996 and have negotiated and signed the last four national agreements. This pillar includes CORI Justice (the Conference of Religious of Ireland).

Business and employers are represented in this process by a range of social partners including the Irish Business and Employers' Confederation (IBEC), Construction Industry Federation (CIF), Chambers Ireland, Small Firms Association (SFA), Irish Exporters' Association (IEA) and Irish Tourist Industry Confederation (ITIC). These organisations represent almost all the companies operating in Ireland.

Ireland's social partnership process emerged from what could fairly be described as a period of national despair in the mid-1980s. At that time Ireland was in very serious economic crisis. Employment had declined by almost 6% in the preceding seven years. The debt/GNP ratio was close to 130%. Ireland was experiencing recession, high inflation, falling living standards, rapidly rising unemployment and emigration and a crisis in the public finances. Social partnership played a central and crucial role in changing that critical situation.

This social partnership process brings together Government and the four pillars of social partnership in a process involving consultation, negotiation and bargaining that produces a national agreement. Over the past two decades the development of a shared understanding of the challenges to be addressed and of how they are to be addressed has become an accepted component of the process. So too has the development of a problem-solving approach to addressing these challenges. The process recognises the interdependence of the participants while acknowledging that it involves trade-offs for all. It also recognises that individual social partners may have different perspectives, understandings and priorities. However, the process enables each partner to participate in the process without giving up on any of these that are not accepted by other participants. In this process government plays a unique role as it drives the process and works to develop agreement.

In the development of social partnership and the seven national agreements that have been negotiated and signed since 1987 a key role was played by the National Economic and Social Council (NESC). This, in effect, is the Government's 'think tank'. This body contains representatives of employers' associations, trade unions, farmers' organisations, the community and voluntary sector, senior civil servants and independent members nominated by Government. It has a strong research function and seeks agreement on issues of economic and social policy and advises government. Starting in 1986, every three years NESC has produced a strategy report. This is published in advance of negotiations aimed at developing a new agreement between social partners and government. This report provides an agreed analysis of Ireland's situation, a strategy to strengthen what is going well and to address perceived weaknesses. These reports have been very influential in underpinning the subsequent negotiations. The frameworks they have proposed have, for the most part, been adopted and followed in the national agreements.³

Social Partnership in Ireland - *Towards 2016*

The remainder of this paper will focus on the recently negotiated national agreement, *Towards 2016*, and then reflect on its commitments from CST and CSR perspectives.

NESC produced its usual strategy report⁴ in 2005 outlining an agreed analysis and suggesting a framework for development in Ireland in the decade ahead.

Two issues of concern

In late 2005 during the build-up to the negotiations, there were two sets of issues causing concern to the general public, the government, the social partners and others involved in public policy in Ireland. Firstly, the fact that, despite having moved from being one of the 'developed' world's poorest countries to being one of the most successful economies in the world with one of the highest per capita income levels, Ireland still had a substantial proportion of its population at risk of poverty, there was an insufficient supply of social housing and more than one in five adults were unable to read a newspaper; as well as this, social service provision and infrastructure development were not at the level expected in a country with this level of income.

Secondly there was serious worry concerning the danger of a 'race to the bottom' as a number of firms in Ireland had begun to replace Irish workers with migrant labour paying them less than the national minimum wage. There was a fear among many Irish employees that their hard-won pay and conditions were being eroded despite the fact that Ireland has one of the most successful economies in the world at present.

Balancing economic and social development

For years Ireland has prioritised economic development. This was justified on the understanding that once the economy was doing well everything else would fall into place and all of society's social problems would be addressed. Over the past decade

³ A very good summary of these strategy reports can be found in Rory O'Donnell and Damian Thomas, *Social Partnership and the Policy Process* in Seán Healy, Brigid Reynolds and Micheal Collins (eds) *Social Policy In Ireland: Principles, Practice and Problems* (2nd edition) 2006, pp. 109-132, Liffey Press, Dublin.

⁴ NESC, (2005), *People, Productivity and Purpose*, Dublin.

and a half Ireland's economy has performed very well but the social problems have persisted. This led to a new analysis which recognised the need for balance between the economic and social dimensions of development. The economy must perform well to ensure that resources are available to support social development. At the same time it was accepted that social infrastructure and social services had to be of a good standard if the economy was to continue to perform well.

In seeking to address the two concerns identified above, the NESC strategy report and the new national agreement recognised that the economic and the social dimensions of policy development are two sides of the one coin. The participants (including business and employers' organisations) in effect have now reached a consensus where the complementary relationship between social policy and economic prosperity is recognised and is to be nurtured.

The NESC report argued that good economic performance and improved social protection are not intrinsically opposed, but neither do they inevitably occur together. Rather, they can be structured to support each other where there is sufficient shared understanding and commitment. This, according to NESC, depends critically on recognising that social policy is not simply an exercise in redistributing a surplus, there to be creamed off after successful economic performance. NESC also argued that the composition and manner of social spending are as significant as its level.

The very first item listed in the opening paragraph of chapter 1 of the agreement identifies “nurturing the complementary relationship between social policy and economic prosperity” as being crucial if the ten-year framework is to deliver on its guiding vision. The word ‘complementary’ is significant in this sentence. For years there has been an assumption that economic growth will, automatically, lead to increased incomes for people generally, which in turn will lead to greater fairness and increased wellbeing for all. This assumption is not valid. Some benefit from economic growth. Others do not. This agreement recognises that social policy must be given equal priority with economic development if the economy is to continue to develop in an acceptable and sustainable way into the future. As well as this overarching response to the two concerns identified above, the agreement also addressed these concerns individually.

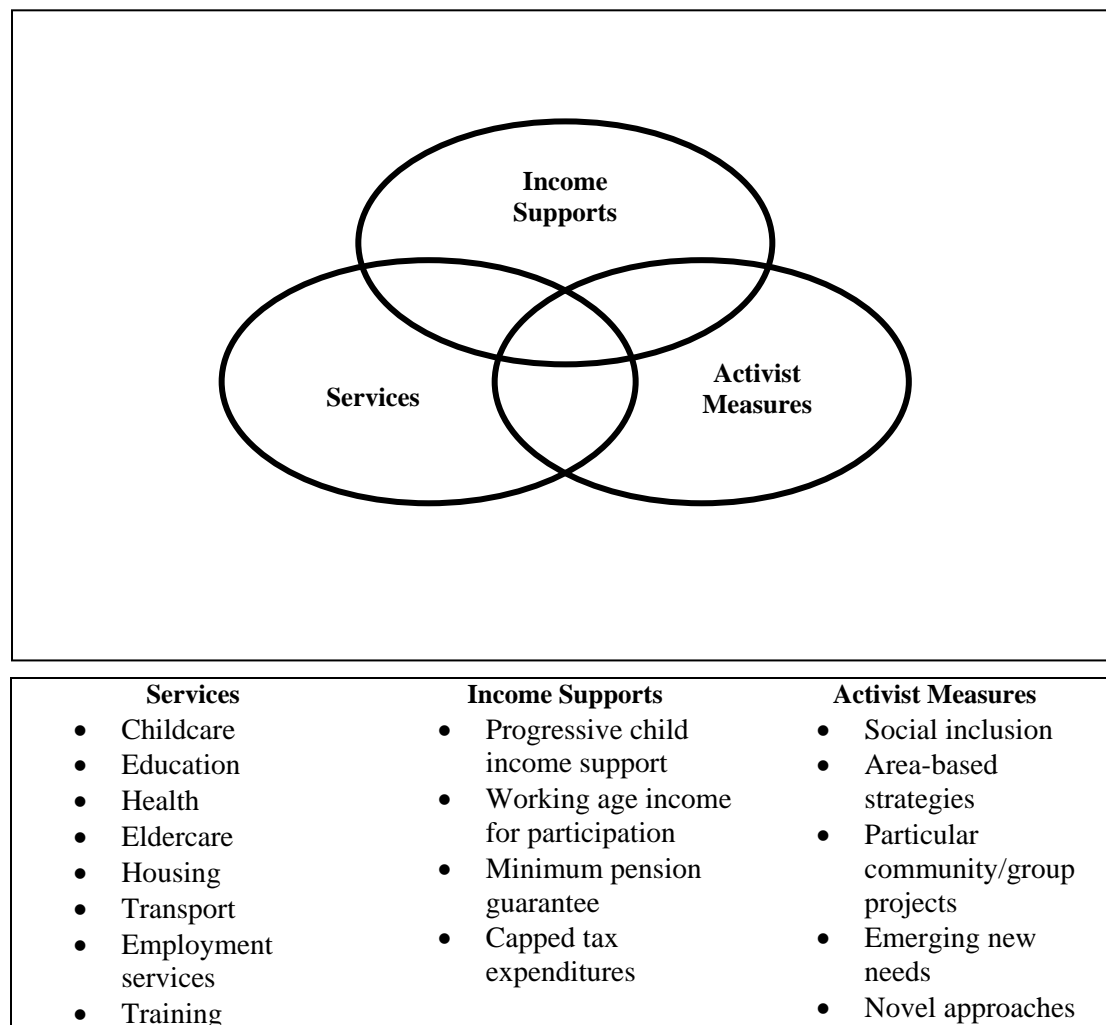
Addressing the social deficits

Ireland is now regarded as a very rich country. Major progress has been achieved in many areas, particularly employment. However, the fact is that Irish society still has many problems, some of which persist almost as if they were acceptable. These include high levels of poverty, an unequal income distribution, high levels of illiteracy including high rates among young early school-leavers, insufficient social housing, growing social exclusion and problems of racism and discrimination. This list could be expanded. Ireland's social services and welfare provision were significant in addressing the challenges being faced in the new emerging world. However, more was required. While Ireland became very prosperous in recent years and did very well on a range of fronts it has substantial deficits in infrastructure and social provision. While per capita income is far above the EU average, infrastructure (in areas such as social housing and public transport) and social provision (in areas such as primary healthcare and social welfare) are far below the European average. These facts underscored the growing conviction among many that Ireland should look more

broadly at its recent success, assess its limitations and downsides and take action to address these problems.

NESC addressed this situation in its strategy and proposed a new model called "the developmental welfare state". This model was adopted in the new national agreement as the central framework of social policy development. Chart 1 presents the core structure of the model NESC presented. It comprises three interrelated areas: services, income supports and innovative measures for activation and participation.

Chart 1: The Core Structure of the Developmental Welfare State



Source: NESC (2005:144, 156)

In building the developmental welfare state NESC has argued that Irish society should take a 'life-cycle' approach. As table 1 shows, such an approach would focus on identifying the needs of children, young adults, people of working age, older people and people challenged in their personal autonomy such as those in care. The council has suggested that for each group we should focus on securing an effective combination of income supports, services and social innovations. NESC identified additional dimensions concerning the 'how' of delivering such an integrated approach to social policy. These principally concerned the issues of governance/leadership and of securing and developing standards and rights. This approach was adopted in the national agreement *Towards 2016* and is set to be the guiding framework for

developing social policy in the years ahead. NESC summarised these various dimensions in the following table:

Who?	What? Integration of services, income support and activist measures	How?	
		Governance and leadership	Standards and rights
0-17yrs			
18-29yrs			
30-64yrs			
65+ yrs			
People challenged in their personal autonomy			

Source: NESC (2005:147)

This approach provides a framework for integrating different areas of policy while ensuring that the needs and concerns of all are addressed. Successfully implementing this approach would underscore each of these groups ability to play a real and sustained role in Irish society and thereby play an important role in tacking social exclusion. It was developed after lengthy dialogue between employers, trade unions, farming organisations, the community and voluntary sector and government. **This approach puts the person at the centre of policy development** and marks a paradigm shift in how social policy is developed in Ireland. The Towards 2016 national agreement contains a range of initiatives under each stage of the lifecycle aimed at addressing the current policy deficits and emerging new challenges.

Addressing the danger of a 'race to the bottom'

As the NESC strategy was being finalised and the negotiations were about to begin a dispute involving the Irish Ferries company created significant tension in Ireland's industrial relations and social partnership. Irish Ferries decided to replace its crew with workers from outside Ireland and to re-register its vessels in a non-EU country. This created fears that labour standards in the Irish economy were being significantly undermined by migration and globalisation. The opening of negotiations on a new national agreement was postponed for a number of months. Once they began they became very protracted as employers, trade unions and government sought agreement on labour standards. Eventually, an agreement was concluded.

On the issue of labour standards, *Towards 2016* outlines a 'new national compliance model' based on effectiveness, fairness and impartiality and ease of understanding and use. This will involve a new Office of the Director for Employment Rights Compliance, better monitoring and a strengthening of penalties and redress. More generally, there is agreement on the need to monitor changing patterns of employment, including that of migrant workers, and to keep under review the effectiveness of the new measures. Several other initiatives were also included in the *Towards 2016* agreement to address the challenges presented by this new phenomenon that threatened to undermine Ireland's social and economic development.

Reflecting from a CST perspective

Without many of the participants paying special attention to this fact, the social partnership process does a number of things that are closely aligned with Catholic Social Thought. Firstly, it promotes the common good. Pope John XXIII argued that a range of initiatives were required to promote the common good. In his encyclical *Mater et Magistra* he stated:

*"Considering the common good on the national level, the following points are relevant and should not be overlooked: to provide employment for as many workers as possible; to take care lest privileged groups arise even among workers themselves; to maintain a balance between wages and prices; to make accessible the goods and services for a better life to as many persons as possible; either to eliminate or to keep within bounds the inequalities that exist between different sectors of the economy –that is, between agriculture, industry and services; to balance properly any increases in output with advances in services provided to citizens, especially by public authority; to adjust, as far as possible, the means of production to the progress of science and technology; finally, to ensure that the advantages of a more humane way of existence not merely subserve the present generation but have regard for future generations as well."*⁵

This extract is a good summary of the ideal outcome of a social partnership agreement. The balance that *Mater et Magistra* calls for greatly depends on the research, negotiating skill and good will of Government and the social partners.

Secondly, social partnership promotes solidarity particularly between different groups in society. Solidarity expresses the moral truth that, in the words of John Donne, "no man is an island, entire of itself; every man is a piece of the continent, a part of the main". In the process that produces these national agreements, in the analysis on which they are based and in the commitments they contain, the various participants have gone far beyond their own primary concerns and areas of interest in order to produce programmes that seek to benefit all members of society.

Thirdly, social partnership seeks to address the issues of social exclusion. A fundamental moral measure of any society (and economy) is how the poor and vulnerable are faring. This is a core principle of CST. The social partnership process emerged from a national crisis where, among other things, unemployment rates were at 17%. Today they are at 4%. The increased employment and reduced unemployment have had a significant impact on a large number of people. The new national agreement contains concrete commitments on several key social inclusion issues e.g. to raise the lowest social welfare rates for a single person to 30 per cent of gross average industrial earnings by 2007; to resolve the social housing shortage by 2013; to provide 500 additional primary healthcare teams by 2011; to introduce a carer's strategy etc. While there is much to be done to address the problems emerging from the new economic reality of Ireland today the new paradigm of 'the developmental welfare state' provides a framework that enables all of these problems to be addressed in an integrated way.

⁵ *Mater et Magistra* 79.

Fourthly, CST acknowledges that free markets have both advantages and limits; likewise with government and with the community and voluntary groups. All are recognised as having a role in development. The social partnership process institutionalises this interdependence and mutuality at a national level in Ireland. Constant vigilance is required to ensure that a balance is maintained between the various participants to ensure that the views and concerns of the powerful do not dominate the various stages of the social partnership process.

Fifthly, subsidiarity is a major theme of CST. In the social partnership process government shares its power with other actors in society. While government always retains the right of final veto (there can be no programme if government does not agree) it does involve a wide range of actors, thus promoting the principle of subsidiarity.

Sixthly, CST recognises that all people have the right to just wages and benefits and to decent working conditions. These issues have been central to the social partnership process, especially in developing the most recent national programme. The challenge now in this area, as in all other areas covered by the national agreement, will be to ensure that the commitments made are honoured and that they are implemented in public policy.

Finally, human dignity is at the core of CST. In adopting the Developmental Welfare State approach in the latest national agreement the human person is placed at the centre of social policy development. The compartmentalisation of policy-making has, at worst, produced a series of policies working at cross-purposes, and very often, led to a lack of integration in the policies developed. The new approach sees the person at the centre of the policy process and the focus is on the income, services and activation that person may require. Appropriate inter-agency structures are needed to ensure delivery.

Reflecting from a CSR responsibility

In Ireland corporate social responsibility (CSR) is seen by most people, including businesses, as "*...a process in which business contributes to a better society by actively engaging with and consulting stakeholders, including customers, employees, shareholders and the local community, in a manner that goes beyond the company's financial and legal obligations*"⁶. Through CSR, companies see themselves as working voluntarily to integrate social and environmental concerns into their everyday business operations. Many of the social partners in the Employers and Business Pillar of social partnership see CSR in these terms and take action to promote CSR along these lines. Chambers Ireland has an annual CSR awards ceremony. The Irish Business and Employers Confederation (IBEC) established and promote an organisation called 'Business in the Community Ireland' which promotes the concept of good corporate citizenship and funds a range of initiatives in the community.

These and similar developments are important and worthwhile. However, we believe there is more to CSR in Ireland than how it is perceived at present. The social partnership process is a much more substantial exercise of CSR than anything else

⁶ Chambers Ireland website

engaged in by business in Ireland over the past two decades. Its impact on social policy and social developments is extensive. The role business plays in this situation can be a huge force to advance human and social development or to place barriers in the way of this development. In NESC, business and employers' organisations played a big part in producing the new model to underpin development of social policy in Ireland. The *Towards 2016* national agreement may have been endorsed by employers' and business organisations principally because of its economic commitments. Its social impact however is likely to be substantial. Endorsing this agreement, we believe, is a major exercise in corporate social responsibility.