

What does the New Economic Model mean for Workplace Democracy?

Unlocking the Potential of the Irish Economy

The jury is not out. It came in a long time ago. Whether at enterprise or sectoral level, it has long been established that collective bargaining results in better workplace outcomes.

Numerous academic studies, reports and surveys conclusively show that collective bargaining boosts productivity. This is primarily due to collective bargaining's capacity to solve problems in production, produce new ideas, stimulate innovative activity, and avoid management group-think. Employers and Government ministers who deny employees the right to bargain are undermining enterprise efficiency and national competitiveness. They are a barrier to an innovative, dynamic economy.

In the New Economic Model, collective bargaining is not only a right (a right that is currently denied to employees in the Republic), it is an indispensable instrument to promote enterprise efficiency in the domestic economy.

In addition, collective bargaining leads to product innovation and the smooth adoption of technology – which can enable a progressive implementation of AI and other digital tools in the workplace.

The benefits of collective bargaining go beyond just elevating the productive economy. It helps to secure other goals in the New Economic Model.

It has long been established that employees benefit from a collective bargaining wage premium – up to as much as 12 percent over those without trade union representation on a like-for-like basis. The biggest beneficiaries are likely to be the lower-paid, through rising wage floors. Higher wage floors achieved through collective bargaining have a number of economic and fiscal benefits:

- Increased sustainable private consumption which benefits enterprises reliant on domestic demand

- Increased tax revenue and lower expenditure on subsidies to low-paid employment (e.g. Working Family Payment)
- Reduce wage inequality, which can have corrosive social impacts
- A reduction in the gender pay gap.

Collective bargaining can make a contribution to environmental sustainability. Studies have linked collective bargaining and union membership with reductions in CO² emissions in the workplace. In short, workplace democracy can promote climate justice and a Just Transition.

None of this should be surprising. Excluding women and men from who have accumulated years of experience, knowledge and skills from the decision-making process degrades business performance. Expanded democratic governance is not an 'add-on'. Different forms of

workplace democracy are indispensable elements in driving a competitiveness agenda. Unfortunately, Ireland ranks well below our peer group in terms of democracy in the workplace. This is creating an increasing burden on the productivity economy.

Alongside vindicating the statutory right to employee collective bargaining (employers already have the right to bargain collectively) there should be wide-scale experimentation in new democratic governance models. Enterprises willing to

participate in democratic pilot projects should be publicly resourced. Evidence-based conclusions would then inform the public debate, as occurs with 4-day working-week experiments. This could be given institutional form by re-establishing the *National Centre for Partnership and Performance* as the sponsor for democratic initiatives – designing, monitoring and assessing these pilot schemes.

In the New Economic Model, workplace democracy promotes a productive economy, employment quality, workplace benefits, fiscal stability (through increased revenue arising from higher wages and reduced low-pay subsidies) and environmentally sustainable.

Democracy in the workplace holds the key to improving economic efficiency and social equity.

Business owners and Government ministers who deny employees the right to bargain collectively are undermining enterprise efficiency and national competitiveness. They are a barrier to an innovative, dynamic economy.
