

# **Employee Share Ownership in Ireland**

A Trade Union Perspective

## **Context**

- Social Partnership has been a major factor in the emergence of the Celtic Tiger over the last 10/15 years
- National Partnership Agreements are the norm
- The Social Partners recognise the existence of certain common interests between them
- A direct equity stake held by employees is one accepted element of partnership

## **Social partnership and Employee Share Schemes**

- All the social partners have indicated their support for the promotion of EFP
- That commitment has been enshrined in the different national agreements signed
- The number of EFP schemes increased in the 1990s with the help of Govt. tax relief in larger enterprises and the high tech sector
- Employee share ownership still not a primary consideration in most firms for trade unions except in cases of privatisation

## **Trade Union Analysis**

- Global context of privatisation towards consolidation and rationalisation
- EU regulatory developments
- Traditional I.R. structure not capable of coping with delivering the scale of change in the timescales required.
- New Partnership model required.
- Radical change in mindset required on all sides.

## **Choice**

- **Face Reality**
- **Take on challenges from a position of strength.**
- **Gain real influence over decision making.**
- **Reap rewards of workers endeavours**

## **Alternative**

- **Contribute to decline of the business.**
- **Attempt to influence from position of weakness.**
- **Workers pay for the cost of mistakes made.**
- **Belatedly realise the inevitability of change.**
- **Get nothing for it.**
- **Deny reality**

## **Why ESOPS ?**

- Long term and collective
- Role on Board
- Similar terms
- Anti-dilution

## **Benefits**

- Creates a relationship beyond the wage relationship
- Behaviour modifications
- Aligns stakeholder interests in productivity and performance
- Long term loyalty and commitment
- Spill over into IR environment

## **Outcomes**

- **Share the risks – share the wealth**
- **Supports partnership**
- **Workers as stakeholders**
- **New dynamic**

## **ESOPS Facilitating Change**

- **In telecommunications, energy, banks, airline and petroleum industries**
- **ESOPs proposed in other sectors**
- **Largely a commercial semi-state phenomenon to-date in Ireland**
- **Lessons for private sector**

# **Future Challenges**

- **Employee Share Schemes and ESOPs in particular – a work in progress**
- **Legislation needs to be looked at to facilitate greater use of ESOPs**
- **Need to look at the experiences of other countries**
- **Need for private sector ‘champion’**
- **Education at local Trade Union level**
- **EFP Promotion should be integrated with enterprise partnership development**