

Joint European Level Social Partners'
Work-Programme 2006 – 2008

Joint Study on Restructuring in the “EU15”
Phase one

The Republic of Ireland

Summary note of the meeting that took place in
Dublin on 23rd and 24th April 2007

PREPARED BY
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Introduction

The first seminar in the joint European level social partners project, “Joint study on restructuring in the EU15” took place in Dublin, Ireland on the 23rd and 24th April 2007. It was attended by Irish social partners, European social partners and experts – an attendance list is attached as appendix one.

Jeanne Schmitt of BUSINESSSEUROPE opened the meeting explaining the background to the new project in terms of the work already undertaken by the European level social partners on restructuring in the 10 New Member States; capacity building for employers’ organisations and trade unions for participation the European Social Dialogue in the New Member States and Candidate Countries; and the employers’ and trade union resource centres. Maria Helena André of ETUC explained that the current phase of the project would facilitate a review of restructuring that looked beyond “job losses”.

The project coordinator, Alan Wild, stressed the importance of good and open debate in helping assure a high quality contribution to the overall project from the Republic of Ireland.

The Irish national dossier – section one

The project expert for the Republic of Ireland, Tom Hayes, presented the first section of the Irish National Dossier – “A macroeconomic review of restructuring in the Republic of Ireland” (slides attached as appendix two). Following the presentation the points summarised below were made by those present to further explain the context in which the report had been drafted, to add new information and, in places, to challenge the conclusions drawn in order to help shape the final national dossier;

- The widely held belief that high rates of economic growth are by their nature “good”, has been challenged in some quarters. In this context, the report might be more cautious;
- Certain of the data contained in the report could be updated, particularly in the area of immigration. Newer data might facilitate a more refined analysis of the situation. In the view of IBEC the data suggest that that the “Celtic Tiger” phase of growth up to 2000 was led by the traded sectors. Since 2001 growth has been fuelled by domestic demand – particularly in construction and consumer spending. Overall growth in this latter period has masked rather poorer performance in the traded sector which signals that today’s priority should be competitiveness on the face of an increasing cost base;
- As a small and open economy, Ireland is heavily influenced by global market trends. Following the country’s successes built to an extent on low rates of corporate taxation, other countries are following suit and Ireland is no longer the “automatic tax

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location of choice” that it used to be. Ireland’s challenge is to sustain growth in a different set of circumstances to those that prevailed during the years of high growth;

- A deeper analysis of the role of immigration in “displacing local labour” at lower prices might be undertaken;
- The dossier might mention the important role of European structural funds in underpinning economic success, especially in the early years of EU accession;
- The high dependence on construction leaves the country open to rapid change. The construction industry works on rapid decision lead times and advances can be reversed extremely quickly. In response to this it was suggested that continued immigration helped assure the continued growth of the construction sector and would cushion any reversal in fortunes. Conversely, property costs were driving wage expectations;
- The future of Ireland will depend on increased spending on training and research and development. The days of the “low wage economy” and “screw-driver technology” are over. Ireland must embrace the Lisbon agenda notions of success through high quality jobs and high wages. The country is today desperately short of science and technology graduates;
- Restructuring in Ireland has been driven to an extent by European regulation in financial services, notably in the insurance industry;
- The effects of immigration are understated. There are a number of “hidden immigrants” in the country, particularly from Asia, under the guise of “language students”;
- Despite the country’s high growth, infrastructure development has not kept up – particular in Dublin. This could affect future growth potential.

The Irish national dossier – section two

Tom Hayes presented the second part of the Irish dossier “The role of the social partners in restructuring” (slides attached as appendix three). Following the presentation, and in similar fashion to the discussion of section one above, the points summarised below were made by the seminar participants;

- Unlike in many countries around the world, trade union membership is increasing, although not at the same rate as employment growth. This explains reducing trade union density in the context of membership growth;
- The Irish social partnership is marked by the fact that the social partners know each other extremely well as individuals;
- Although there has been an enormous growth in employment legislation, largely through European level instruments, Irish collective employee relations are characterised by voluntarism. The influence of trade unions goes far beyond membership. Even though membership is relatively low in the construction sector, working arrangements in the industry are regulated by agreements. Even “non-union” companies have to pay the “going rate” – and hence conditions of most of the Irish workforce are influenced by collective bargaining;

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- The Irish system of social partnership is not perfect and may not last for ever – but it has formed the basis for the nation’s economic growth through the 1990’s and 2000’s. The agreements of the 1980’s “brought the country out of employee relations anarchy”; The difficulties of reaching the last agreement “Towards 2016” showed that the way social partnership is conducted at national level may need to change;
- Social dialogue works very well at the national level but has not “trickled down” as effectively as it might to the enterprise level. The collective bargaining environment is currently very uncertain. It was suggested that the helpful laws of 2001 and 2004 had been compromised by the recent Ryan Air Supreme Court decision that has taken things back to the pre 1871 laissez faire era. Others thought that this decision was a “blip” that would have to be rectified;
- The role of trade unions in restructuring is primarily to get the best deal available for the members. In an environment where the labour market is buoyant and where older workers are “property rich” – job saving measures are not the highest priority. The sustainability for such a strategy was questioned;

Joint EU social partners work relevant to restructuring

Maria Helena Andre (ETUC), Valeria Ronzitti (CEEP), Jeanne Schmitt (BUSINESSEUROPE) and Liliane Volozinskis (UEAPME) presented the recent work of the European social partners in the area of restructuring focusing on their activities relating to lifelong learning; orientations for change; European Works Council best practice; and the restructuring studies (slides attached as appendix four). The presentation was followed by a discussion on the issue of lifelong learning and the following points were made;

- A new balance needs to be struck between the State and employers in ongoing training. The possibility of establishing a legal right to life long learning was raised. The current focus on employer responsibility means that training efforts are concentrated on those least likely to lose their jobs. Additionally, major organisation change happens at times when organisations are likely to be in crisis and have already cut training and development budgets;
- The construction industry employs around 280,000 employees and there is no notion of lifelong learning or social responsibility. Training is by and large restricted to the mandatory “one day’s safety training every four years”;
- Lifelong learning needs to focus on the job learning on a continuous basis in the workplace not in the training room. “SKILLNETS” are a good example of successful practice in the country providing European standard qualifications;
- Training provision is very difficult for small employers where opportunities to develop within the company are limited. Investment in training means training an individual to leave for another employer;
- Despite the many constraints, training and development is one of the most important issues for the Irish economy to tackle. In a high wage economy companies can only beat the competition by adopting best practice;

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Case study one – Cadbury Ireland

Andrew Jones for the company, and Jimmy Whelan for the trade unions presented the Cadbury case study described in the national dossier. The dossier will be supplemented by the additional points made in the presentation.

The presentation was followed by a further detailed discussion on the incentive for employers, employees and their representatives to negotiate the best terms for job loss rather than anticipate change and work to save as many jobs as possible in the current Irish labour market and demographic dynamic.

Case study two Aer Lingus

Teresa Hannick and Michael Halpenny for the trade unions presented the Aer Lingus case study described in the national dossier. Keith Butler from Aer Lingus management was unable to attend due to a conflicting last minute priority. Again, the national dossier will be supplemented by the additional points made in the presentation.

The discussion that followed the presentation centred on the role of outside mediators in resolving difficult issues. On the one hand outsiders can help broker solutions where relationships have broken down. On the other they risk offering simple solutions to difficult problems – leaving the parties to deal with the problematic detail. A further discussion centred on the notion that it is often easier to shed jobs than to introduce transformational change in a current workforce.

Summary discussion

Following the presentations, discussion and case studies, the European level social partners made the following observations;

- The quality of the debate had been extremely high and views frankly expressed – it was hoped this would be repeated in subsequent seminars in other countries. The frankness of discussion is plainly based on a high degree of trust and respect between the social partner organisations;
- Clearly the sustainability of Irish success depended on taking a longer term perspective to anticipating change, lifelong learning, investment in education and on research and development activities;
- Social dialogue at the national level is clearly well developed and successful. One challenge is to encourage the “trickle down effect” into enterprises;
- The social partners should also focus on the “quality of jobs created” versus those lost;
- The question of immigration – with its obvious strengths and difficulties needs some focus from the social partners to get beyond some of the current public rhetoric;
- Ireland has an extremely low participation rate of women in the labour market. This untapped potential of workers should be addressed;
- Few economies in Europe could hope to face the issues that exist in Ireland from a position of so much economic strength;

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Responding to the social partner observations, the national participants made the following points;

- Immigration is obviously a major challenge – “towards 2016” was held up for 6 months by the displacement debate and the fall out from Irish Ferries. The challenges include keeping infrastructure development moving at the same pace as immigration; dealing with language training; getting over other nations view on trade union membership and what that means; how illegal excesses can be dealt with (mushroom pickers) and how immigrants can move from high penetration in construction and hospitality to adding value higher up the skill chain. If nothing is done there is a fear that xenophobic feelings might be exacerbated if the economic situation worsens;
- In a climate where €100m has been spent on redundancy costs and losing a job for 8 weeks pay per year of service is regarded as a reward – more has to be done to encourage change and retention;
- The involvement of NGOs in the national level social dialogue was discussed. Arguments “for” and “against” were cited;

At the end of the meeting, the social partners were thanked for participation in the meeting and for their positive engagement in the process.

APPENDICES

1. Attendance list for the seminar;
2. “A macroeconomic review of restructuring in the Republic of Ireland” – Expert presentation;
3. “The role of the social partners in restructuring” - Expert presentation;
4. “Joint EU social partners work relevant to restructuring”;
5. List of interviewed people