National Background Paper Ireland

European Commission
Employment, Social Affairs
and Equal opportunities

27 National Seminars Anticipating & Managing Restructuring

- A.R.E.NA.S -

VC/2008/0667

ITC
International Training Centre

European Commission
Employment, Social Affair and Equal opportunities

National Seminar – Ireland
National Background Paper

Anticipating and Managing restructuring Ireland

December 2009

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International Training Centre
Centre international de formation
Centro Internacional de Formación

This document is part of an initiative from and funded by the European Commission, Directorate-General for Employment, Social Affairs and Equal opportunities, unit working conditions and adaptation to change.

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Introduction

This national background paper examines restructuring developments in Ireland. It gives an overview of the general economic and labour market context of the country, in particular against the background of the current economic crisis. The report includes data on redundancies, and the challenges that the rising level of redundancies poses, particularly in sectors such as construction, which has been particularly hard hit by the recent recession.

The context within which restructuring takes place is set out in Chapter 1, focusing on the legislative framework, a description of the actors involved in restructuring, the role of the public employment services, and the unemployment benefits and training measures on offer to workers who lose their jobs.

Chapter 2 contains examples of the measures and tools used to manage restructuring, focusing on state support for workers and the range of company-level support on offer. Chapter 2 also looks at a range of measures designed to mitigate the impact of restructuring, such as state redundancy and company severance payments.

Chapter 3 focuses on case study examples of company initiatives to manage restructuring, referring to debates held at the National Seminar, as relevant.

Chapter 4 offers an evaluation of the strengths and weaknesses of the anticipating and managing measures.

Chapter 5 contain conclusions, drawn up on the basis of the content of this report and the debates held during the Irish National Seminar on 17-18 December 2009.

Executive summary

This national background report looks at how restructuring is managed in Ireland. The first chapter examines economic and labour market developments, showing the impact of the economic crisis on GDP growth and the labour market. The level of redundancies is increasing and unemployment is also rising. Among the hardest hit sectors is construction, where redundancies and unemployment have risen rapidly over the past year.

The legal framework governing restructuring takes the form of legislation covering collective redundancies and legislation governing information and consultation requirements. Employers considering making collective redundancies must follow the procedures set out in these laws. Further, new legislation designed to give workers extra protection against redundancy was passed in 2007, aiming to prevent a situation where an organisation carries out the compulsory replacement of existing workers by lower-paid workers.

In terms of the actors involved in restructuring, because the workplace level is the level where restructuring is planned and implemented in Ireland, the main actors are the employer and employee or trade union representatives. However, the public employment services, and particularly the state employment and training agency FÁS, have a role to play in trying to ensure that workers increase their employability and can quickly re-enter the labour market, by offering a range of training and upskilling opportunities to redundant workers. One of the latest measures is the Work Placement Programme, under which individuals can gain work experience but continue to receive unemployment benefits. FÁS also offers a range of other schemes, such as a short-time working training programme, providing two days of training a week, for employees who are on systematic short-time working for three days a week.

Looking at the measures and tools for anticipating restructuring, although there is no long-standing tradition of observatories to monitor trends in order to try to anticipate restructuring events (in contrast to other EU Member States), there are a number of government early warning initiatives. Further, the economic crisis has resulted in the government focusing on trying to help vulnerable sectors, such as the construction sector, and workers facing the loss of their jobs. To this end, the most recent national tripartite agreement, concluded in 2006, and its follow-on agreement, concluded in 2008, provide for a range of measures designed to support the management of change. These include the collection of statistics in order to enable trends to be monitored, the setting up of a new Group on Labour Market Trends and Employment Standards to track changing patterns of employment and earnings, and the setting up of a High Level Manufacturing Group to support competitiveness and change management in the manufacturing sector, and to support low-skilled workers in this sector. This Group reported to the government in March 2008: one of its recommendations was that a Manufacturing Forum be established to drive the implementation of actions identified, established under the auspices of the social partners. It was suggested that the Forum report to the social partners on an annual basis, supported and facilitated by DETE and Forfás. This Forum has not been set up to date.

There are a range of tools in place to manage restructuring, mostly aimed at helping individuals who have lost their jobs as a result of restructuring. In financial terms, there is a statutory entitlement to redundancy payments, and to unemployment benefits. The government also has a range of programmes on offer to help individuals who lose their jobs, within the context of its skills policy. One particular area on which the government is focusing at present is the construction sector, which has been hardest-hit by the recession. The government is therefore trying to support apprenticeships and training in this sector and to upskill workers, in particular trying to move their skills into growth areas such as green skills and sustainability.

In addition to statutory schemes and entitlements, there are a range of support measures on offer from companies. The main measure offered to redundant workers is company severance payments, which are usually above the statutory level. In addition, many of the larger companies offer additional support in the form of training, outplacement measures and redeployment.

One of the main effects of the current economic crisis in Ireland has been its effect on social partnership. Ireland's present tradition of tripartite national-level agreements on pay and a range of other social issues dates back to 1987. However, the current crisis has placed a severe strain on the current agreement, negotiated in 2006, with follow-on provisions agreed in 2008. At present, there are uncertainties regarding the future of centralised bargaining in Ireland.

Finally, this report examines a range of case studies of restructuring in Ireland. It looks at examples of downsizing, the consequences of mergers and acquisitions, departure from Ireland due to a decision to relocate production, and how an organisation has tried to keep the employment impact of relocation decisions as low as possible, in a context of moving production locations in order to keep costs to a minimum.

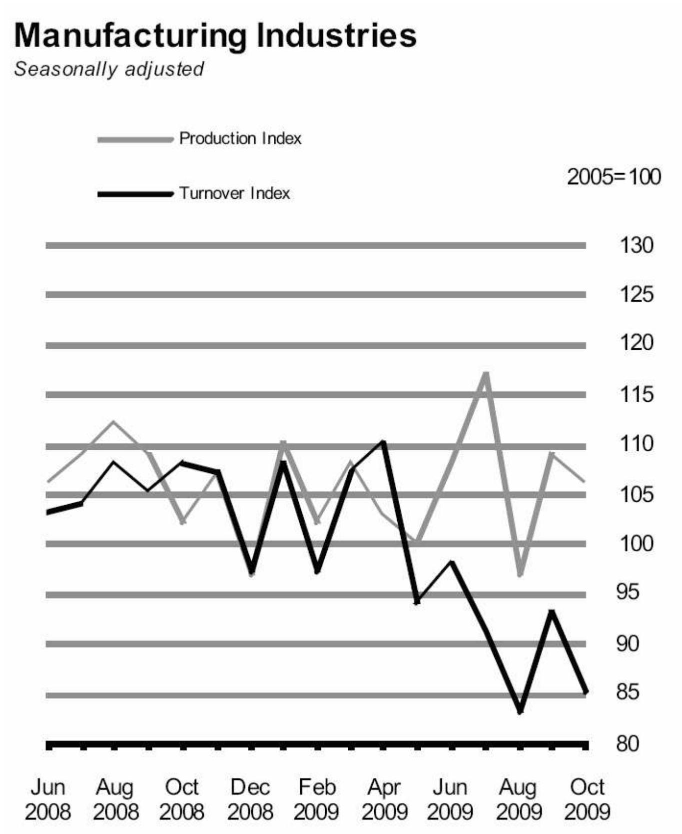
1.1 Structural and economic challenges

1.1.1 GDP GROWTH

The Irish economy has suffered from the recession, in common with that of most other EU Member States. On an annual basis, according to Eurostat statistics, Irish GDP fell by 7.3 per cent in the year to the third quarter to 2009.[1] However, looking at the figures on a quarterly basis, GDP growth during the third quarter of 2009 was stable, compared with the second quarter of 2009.

Further, as the graph below shows, manufacturing production and turnover fell significantly during the second half of 2009.

Figure 1.1



Source: Central Statistics Office Ireland

1 http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-03122009-BP/EN/2-03122009-BP-EN.PDF

1.1.2 LABOUR MARKET DEVELOPMENTS

Seasonally adjusted unemployment in Ireland as at November 2009 was 12.5 per cent. It remains to be seen whether unemployment will continue to increase, although this is likely, given that unemployment rises lag behind declines in GDP growth. Male workers have been the worst affected by the rise in unemployment, primarily due to their high representation in the construction sector (see below).

Vacancies notified to the Irish Training and Employment Authority Foras Áiseanna Saothair (FÁS) were down 52 per cent in the first half of 2009, with declines recorded for all occupations. There were particularly large falls in levels of employment in the case of skilled building workers (-73 per cent), clerical workers (-67 per cent), transport workers (-66 per cent) and IT-related occupations (-55 per cent). However, the rate of decline in vacancies slowed in the second quarter of 2009 – vacancies were down by only one per cent compared with the first quarter of 2009. While some of this can be attributable to seasonal factors, FÁS believes that it does give further credence to the view that the second quarter of 2009 marked a deceleration in the decline in the labour market.

Table 1.1 shows employment and unemployment levels by economic sector during the second quarter of the year, from 2004 to 2009, based on figures provided by the Central Statistics Office Ireland. In absolute figures, the labour force has grown over the past five years, although unemployment levels have also risen.

Table 1.1: Employment and Unemployment (ILO) '000s

Economic Sector (NACE Rev.2)	Apr - Jun 04	Apr - Jun 05	Apr - Jun 06	Apr - Jun 07	Apr - Jun 08	Apr - Jun 08
Agriculture, Forestry & Fishing	113.8	109.8	108.9	108.5	114.8	97.2
Industry	294.3	286.9	293.9	299.0	287.3	258.3
Construction	197.7	227.5	251.6	269.6	241.4	155.4
Wholesale & Retail Trade; repair of motor vehicles and motorcycles	259.5	268.7	282.1	297.2	307.3	277.7
Transportation and storage	89.2	90.9	94.2	93.5	92.9	94.6
Accommodation and food service activities	107.2	116.9	124.8	130.6	125.4	119.8
Information and communication	62.9	65.5	69.8	70.5	71.1	73.5
Financial, insurance and real estate activities	89.3	92.2	94.3	101.1	105.1	108.7
Professional, scientific and technical activities	92.7	96.2	101.9	109.8	116.6	102.6
Administrative and support service activities	58.7	66.9	70.3	78.3	76.3	65.9
Public administration and defence; compulsory social security	90.1	98.8	102.4	102.3	102.7	107.7
Education	121.4	126.1	136.3	141.5	146.3	150.4
Human health and social work activities	177.4	185.6	200.5	210.3	220.8	227.8
Other NACE activities	98.0	112.7	103.8	101.4	104.7	98.7
Total in Employment	**1,852.2**	**1,944.6**	**2,034.9**	**2,113.9**	**2,112.8**	**1,938.5**
Total Unemployed	87.8	95.8	97.9	103.1	126.7	264.6
Total Labour Force	**1,940.0**	**2,040.4**	**2,132.8**	**2,217.0**	**2,239.6**	**2,203.1**
Not in Labour Force	1,267.2	1,247.5	1,243.3	1,245.6.	1,275.3	1,320.8
Population 15 Years & Over	**3,207.2**	**3,287.9**	**3,376.1**	**3,462.5**	**3,514.9**	**3,523.8**

Source: Central Statistics Office Ireland

Table 1.2 gives details of jobs by sector in internationally trading sectors between 1999 and 2008, showing the wide variation in trends, ranging from increases of 208 per cent in financial services and 148 per cent in energy, water, waste and construction, to decreases of 71 per cent in textiles and clothing and 38 per cent in paper and printing.

Table 1.2: Jobs by Sector (Permanent & Temporary/Contract) - Internationally Trading Sectors, 1999 & 2008

	1999	2008	Net Change	% Change, 1999 to 2008
ICT Services	53,837	69,045	15,208	28%
Financial Services	7,021	21,632	14,611	208%
Miscellaneous Manufacturing	24,920	30,823	5,903	24%
Business Services	5,118	10,485	5,367	105%
Chemicals and Chemical Products	24,115	27,158	3,043	13%
Energy, Water, Waste and Construction	1,664	4,119	2,455	148%
Other Services	7,039	9,319	2,280	32%
Computer, Electronic, Optical Products and Electrical Equipment	48,985	34,898	-14,087	-29%
Textiles & Clothing	14,776	4,251	-10,525	-71%
Food, Drink and Tobacco	53,209	49,183	-4,026	-8%
Paper and Printing	11,595	7,187	-4,408	-38%
Machinery and Equipment	15,773	12,030	-3,743	-24%
Basic and Fabricated Metal Products	17,626	14,489	-3,137	-18%
Rubber and Plastic Products	10,626	8,237	-2,389	-22%
Non-metallic Mineral Products	12,314	10,428	-1,886	-15%
Transport Equipment	7,397	5,777	-1,620	-22%
Wood and Wood Products	7,149	6,023	-1,126	-16%
Agriculture, Forestry, Fishing and Mining	4,267	3,334	-933	-22%

Total Jobs (Permanent & Temporary/Contract) Internationally Trading Sectors	1999	2008
All Internationally Trading Sectors	327,431	328,418
Manufacturing (incl. energy, construction and primary industry)	254,416	217,937
Internationally Traded Services	73,015	110,481
Total net gain in employment of 987 jobs in agency supported companies over the decade		

Source: Forfás Annual Employment Survey Data, 1999 to 2008 (2009 data not yet available)

Table 1.3 shows seasonally adjusted standardised unemployment rates on a monthly basis, since February 2004. The steady growth of unemployment over the past year, to the level of 12.6 per cent in August and September 2009, falling only slightly to 12.5 per cent by November 2009, can be seen clearly.

Table 1.3: Seasonally Adjusted Standarised Unemployment Rates (SUR)

Month %	2004	2005	2006	2007	2008	2009
January	-	4.3	4.4	4.4	4.8	9.4
February[2]	4.9	4.2	4.4	4.5	4.9	10.2 [3]
March	4.7	4.4	4.4	4.5	5.2	10.8
April	4.5	4.4	4.5	4.5	5.3	11.3
May[2]	4.3	4.5	4.4	4.6	5.5	11.6
June	4.3	4.5	4.5	4.5	5.9	12.1
July	4.3	4.5	4.5	4.5	6.4	12.4
August[2]	4.3	4.4	4.5	4.5	6.8	12.6
September	4.4	4.4	4.5	4.6	7.1	12.6
October	4.4	4.3	4.4	4.6	7.6	12.5
November[2]	4.5	4.3	4.3	4.8	8.1	12.5
December	4.4	4.3	4.4	4.7	8.5	
Annual Average	-	**4.4**	**4.4**	**4.6**	**6.3**	

[1] *T1. Table contains revised figures.*
[2] *B2. Benchmark Quarterly National Household Survey (QNHS) revised calendar quarter estimates from February 2004.*
[3] *T3. The latest QNHS estimate of the unemployment rate (adjusted for seasonality) is: January - March 2009, 10.2%.*

Source: Central Statistics Office Ireland.

Table 1.4 gives an overview of a selection of the main economic indicators for Ireland, as given by the Central Statistics Office Ireland.

Table 1.4: Main economic indicators for Ireland

Principal Series	Base or Unit	Latest Results		Change Over		
		Period	**Value**	**1 Mth**	**3 Mths**	**12 Mths**
Manufacturing Industry Output Price Index	2000=100	Jun 09	87.6	-0.2%	-2.6%	+0.1%
Agricultural Output Price Index - SA	2000=100	Mar 09	106.4	-3.4%	-7.8%	-18.3%
Consumer Price Index	Dec 06=100	May 09	102.4	-0.5%	-1.3%	-4.7%
Industrial Production Index (All Industry) - SA	2000=100	May 09	99.6	-3.6%	-2.2%	-8.4%

Manufacturing Employment - SA	No. (000)	Dec 06	223.7	n.r.	-0.6%	+1.0%
Imports-provisional	€m	Apr 09	3,661.9	-836.5	-285.9	-1,299.0
Exports-provisional	€m	Apr 09	7,761.7	-179.1	772.9	490.2
Trade Surplus-provisional	€m	Apr 09	4,099.8	657.4	1,058.8	1,789.2
Retail Sales Value Index (All businesses) - SA	2005=100	Apr 09	89.6	+1.5%	+5.5%	-21.4%
New Private Cars	No.	Mar 09	7,348	-1,447	-6,681	-4,047
Second Hand Private Cars	No.	Mar 09	5,453	-77	-1,978	775
New Goods Vehicles	No.	Mar 09	915	-183	-489	-24,086
Second Hand Goods Vehicles	No.	Mar 09	1,352	118	-489	365
Balance of Payments (Current Account Balance)	€m	Q1 09	-2530	n.r.	-2196	1645
GDP - SA('07)	€m	Q1 09	43,326	n.r.	-1.5%	-8.5%
GNP - SA('07)	€m	Q1 09	35,849	n.r.	-4.5%	-12.0%
Live Register - SA	No. (000)	Dec 08	293.5	+9.4	+29.1	+79.7

- = Currently being updated
SA = Seasonally adjusted
SA('05) = (Chain linked annually and referenced to year 2005)-Seasonally Adjusted
n.r.=not relevant

1.1.3 MIGRATION

In 2008, net migration to Ireland fell for the first time since 2003. Overall, net migration to Ireland fell by 40 per cent in 2008, compared with the previous year. For details, see the table below.

Table 1.5: Migration figures in and out of Ireland, 2002-2008

Year	Outward migration	Inward migration	Net migration
2002	25.6	66.9	41.3
2003	29.3	60	30.7
2004	26.5	58.5	32
2005	29.4	84.6	55.1
2006	36	107.8	71.8
2007	42.2	109.5	67.3
2008	45.3	83.8	38.5

Source CSO Ireland, Database Direct

The latest figures from the CSO show that there has been net migration from Ireland over the 12 months to April 2009. The number of emigrants from Ireland in the year to April 2009 is estimated to have increased by over 40 per cent, from 45,300 to 65,100, while the number of immigrants continued to decline over the same period, from 83,800 to 57,300. These combined changes have resulted in a return to net outward migration for Ireland (-7,800) for the first time since 1995.

Table 1.6: Migration figures in and out of Ireland, year to April 2009

	Year ending	
	April 2008	**April 2009**
Natural increase	44,600	45,100
Net migration	38,500	7,800
Population change	83,100	37,300
Population at	4,422,100	4,459,300

Source: CSO Ireland.

1.2 Labour market challenges

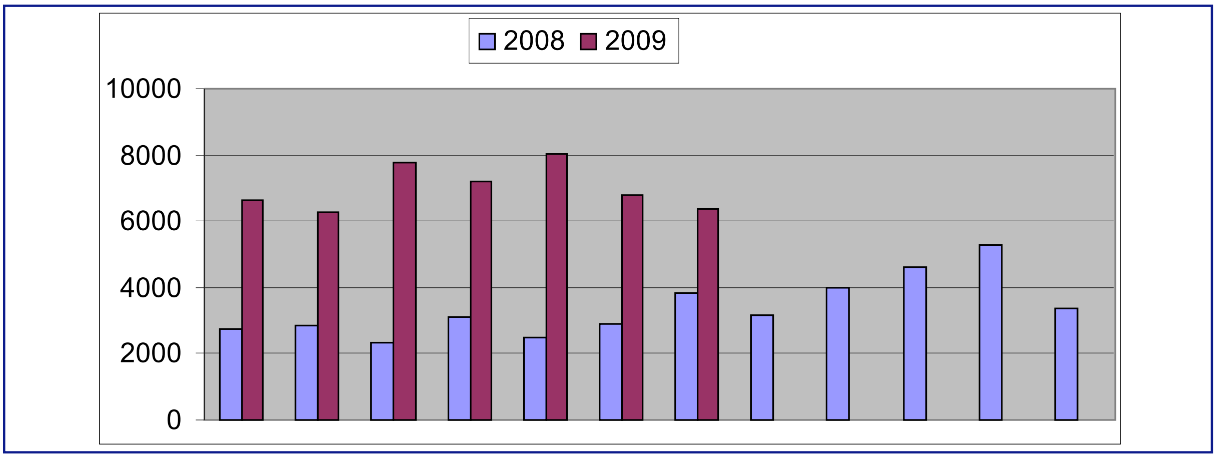
The most high-profile labour market trend of the past year has been the continuing negative impact of the recession on employment. Although the current impact of the recession is without doubt, it should nevertheless be remembered that there is always a churn of companies and employment in any economic environment (for both indigenous and foreign companies) and that not all companies survive. External and domestic economic and competitiveness factors play a role, as do companies' internal and/or organisational decisions.

Nevertheless, redundancy levels have increased significantly over the past months and unemployment has also risen. In this section, we look at these issues in more detail.

1.2.1 REDUNDANCY DATA

Official figures from the Irish government show that there has been a marked rise in the level of redundancies in Ireland over the past year, and particularly since the beginning of 2009. A peak of almost 8,000 was reached in May 2009 and although the rate has slowed slightly since then, it is still higher on a year-on-year basis.

Figure 1.2: Redundancies in 2008 and 2009



Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	2,764	2,838	2,311	3,114	2,462	2,914	3,852	3,147	3,971	4,623	5,261	3,350
2009	6,591	6,212	7,692	7,159	7,962	6,773	6,292	5,877	6,006	6,557	5,903	
% diff.	138.5 %	118.9 %	232.8 %	129.9 %	223.4 %	132.4 %	63.3 %	86.7 %	51.2 %	41.8 %	12.2 %	

Source: Department of Enterprise, Trade and Employment, Ireland.

Figure 1.3 shows the levels of redundancies in Ireland during 2008 and 2009, indicating the steady rise over both years.

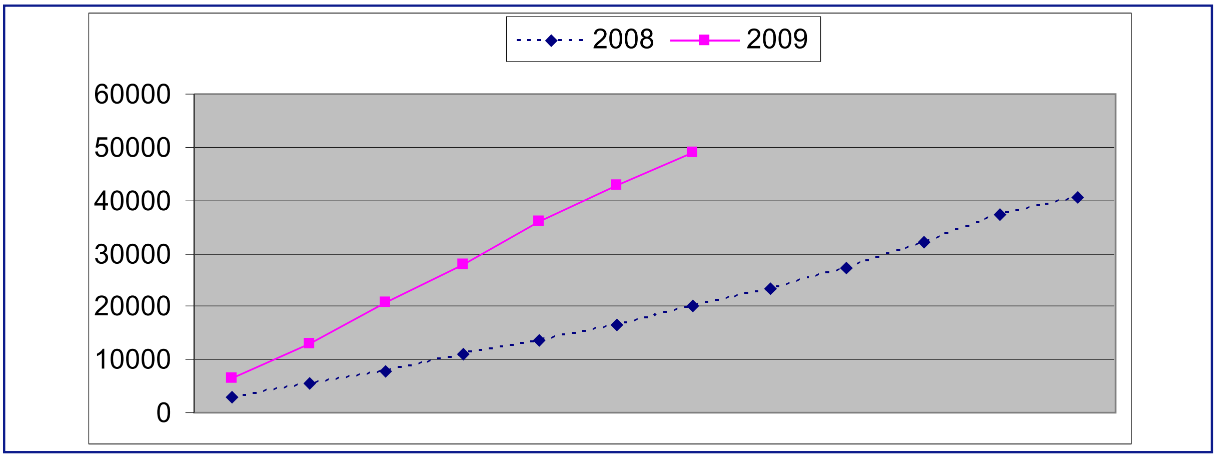


Figure 1.3: Redundancies in Ireland during 2008-2009

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2764	5,602	7,913	11,027	13,489	16,403	20,255	23,402	27,373	31,996	37,257	40,607
6591	12,803	20,495	27,654	35,616	42,389	48,681	54,558	60,564	67,121	73,024	
138.5%	128.5 %	159.0 %	150.8 %	164.0 %	158.4 %	140.3 %	133.1 %	121.3 %	109.8 %	96.0%	

Source: Department of Enterprise, Trade and Employment, Ireland.

Figures showing redundancies by sector for the month of November 2009 show that the sectors experiencing the highest levels of redundancies are services, building and civil engineering and manufacturing. Across all sectors, with the exception of banking, redundancies are affecting more male than female workers.

Table 1.7: Actual Redundancies received under the Redundancy Scheme during the month of November 2009

Industrial Group	Number of Employees		
	Male	Female	Total
Agriculture/Forestry and Fisheries	148	26	174
Energy and Water	5	0	5
Extraction Industry (Chemical Products)	56	3	59
Metal Manufacturing and Engineering	136	34	170
Other Manufacturing	770	416	1,186
Building and Civil Engineering	1,117	152	1,269
Distributive Trades	194	127	321
Transport and Communications	265	170	435
Other Services	1,126	999	2,125
Banking, Finance & Insurance	59	100	159
TOTAL	3,876	2,027	5,903

Source: Department of Enterprise, Trade and Employment, Ireland.

Looking at the level of redundancies over the first half of 2009, services and building and civil engineering have been experiencing the highest levels of redundancies.

Table 1.8: Actual Redundancies received under the Redundancy Scheme during the period, 1 January to 31 July 2009

Industrial Group	Number of Employees		
	Male	Female	Total
Agriculture/Forestry and Fisheries	428	110	538
Energy and Water	159	41	200
Extraction Industry (Chemical Products)	275	52	327
Metal Manufacturing and Engineering	1693	263	1956
Other Manufacturing	6292	3004	9296
Building and Civil Engineering	11278	1284	12562
Distributive Trades	1813	1252	3065
Transport and Communications	2016	500	2516
Other Services	8970	7938	16908
Banking, Finance & Insurance	668	973	1641
TOTAL	33592	15417	49009

Source: Department of Enterprise, Trade and Employment, Ireland.

Looking at redundancy levels in sectoral context, there are differences in terms of the percentage of the workforce that the redundancy data relates to. For example, total redundancies from 1 January 1 to 31 July in the chemicals sector were 327. In 2008, employment in the Chemicals and Chemical Products sector was circa 27,000[2] – as such the redundancies in this sector account for about 1.2 per cent of total employment in the sector which is relatively small.

Total redundancies in Other Services were 16,908 which, using Central Statistics Office data, accounts for approximately 3.4 per cent of employment in the Services sector (excluding Finance & Banking) in 2008.

1.2.2 SECTORAL DEVELOPMENTS

On a sectoral basis, the main sectors to have been affected by restructuring over the past few years, usually involving a relocation away from Ireland, are textiles and clothing, pharmaceuticals, the information and communications technology sector and the semi-state and transport and communications sectors. This reflects the transition away from traditional labour-intensive manufacturing, such as textiles, with many jobs being lost in this industry in recent years. Labour costs are commonly given as a reason for relocation away from Ireland – Irish labour costs are described by such employers as too high in comparison with countries in Eastern Europe and elsewhere. The main destinations for outward relocation tend to be low cost labour countries in Eastern Europe and East Asia.

However, at the same time as the traditional manufacturing industry is shrinking, new industries and services, such IT-related sectors, are expanding, and the Irish government and the country's development agencies are attempting to persuade high technology activities to locate in Ireland. In view of this, a central plank of Irish industrial policy is to move towards higher-value added activities and to build a knowledge economy. Inward relocation is most common from the United States, the UK and other Western European states. Significantly, while much of the outward investment affects low-skill sectors, notably textiles and clothing, a great deal of inward investment comes from higher-skill sectors, notably pharmaceuticals and technology. Where firms invest in Ireland, they frequently cite reasons such as the relatively low rate of corporate taxation, the stable industrial relations climate, the education and skills of the workforce, proximity to markets, and the use of the English language. It should be mentioned here that while employees in Ireland have a right to freedom of association, employers are not formally obliged to recognise trade unions and to engage in collective bargaining. Not having an obligation to recognise trade unions has proved to be attractive to many multinationals locating in Ireland. It should be noted that the majority of relocations, both inward and outward, affect foreign-owned multinational firms.

In relation specifically to ICT and pharmaceuticals, there has been churn (in companies and/or jobs) in both of these sectors over the past decade (1999 to 2008) but overall employment numbers across both of these sectors have remained relatively steady or increased.[3] In the pharmaceuticals sector, net employment in the chemicals sector increased by 3,043 or 13 per cent over the past decade. Using Annual Business Survey of Economic Impact (ABSEI) and

2 Based on Forfás Annual Employment Survey Data, 1999 to 2008, which covers employment in agency supported companies with 10+ employees. Data for 2009 is not yet available.

3 Using 'electronic, optical products and electrical employment' as a proxy.

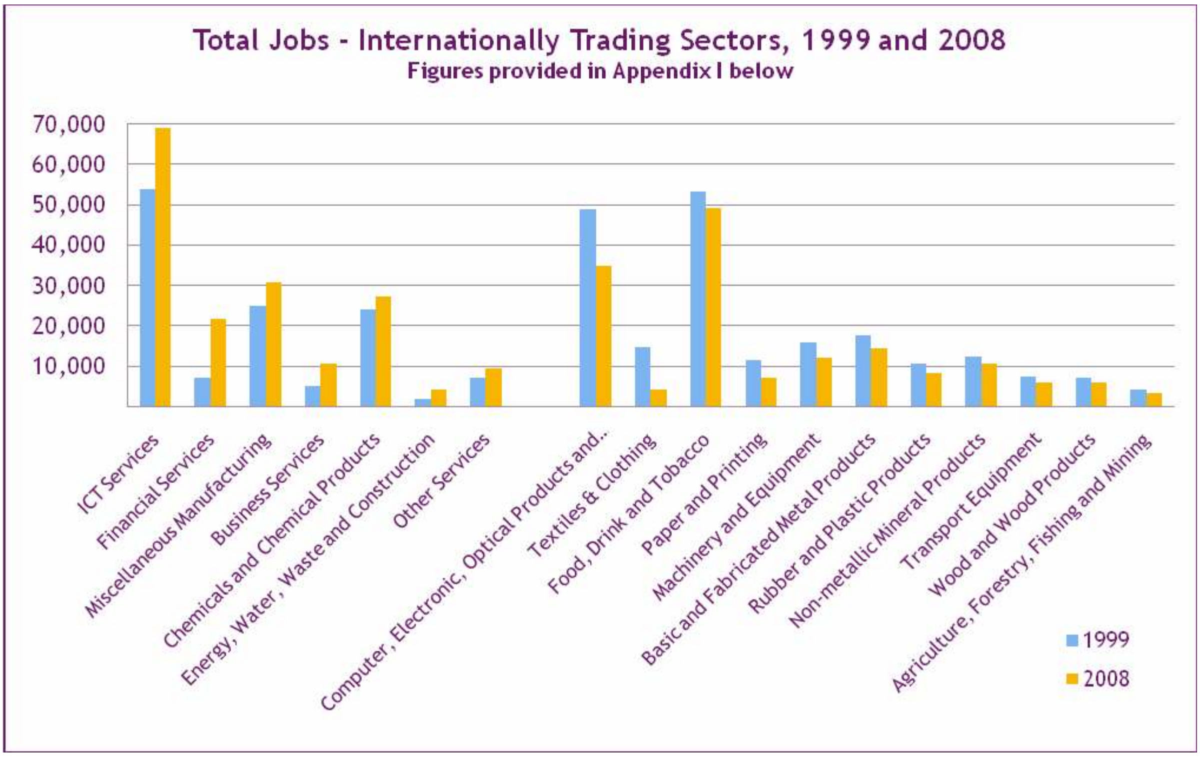
Central Statistics Office (CSO) data the value of pharmaceutical exports went up more than 57 per cent between 2000 and 2008.

In ICT, there has been a significant fall off in employment in the ICT hardware sector[4] mainly driven by a significant fall in ICT hardware manufacturing jobs between 1999 and 2002. But this section of the paper does not reflect the increase in ICT services employment which increased by 28 peer cent over the past decade.

In broad terms the changes in sectoral employment in internationally traded sectors reflects Ireland's continued shift to a knowledge based economy and high value-added manufacturing as well as the global trend towards services.

Finally, looking at the changes in sectoral employment alone does not fully capture increased productivity and the move to higher value-added activities both in services and manufacturing. For instance, while employment in the food, drink and tobacco sector fell by eight per cent over the decade 1999 to 2008, exports from the sector increased by more than 50 per cent.

Figure 1.4:



Source: Forfás Annual Employment Survey Data, 1999 to 2008 (Agency Supported Companies, 10+ employees)

4 Restructuring in the construction sector: www.eurofound.europa.eu/emcc/erm/studies/tn0904036s/tn0904036s.htm

Construction

The Irish construction sector has been particularly hard hit by the current recession. According to figures from the Central Statistics Office Ireland, employment in the sector decreased by 21.9 per cent in the year to December 2008, following a significant downward trend in 2007 and 2008. The volume of output in building and construction decreased by 35.3 per cent in the first quarter of 2009, compared with the same quarter in the previous year. The volume of residential building output fell particularly drastically, by 56 per cent in the same quarter.

The European Foundation's European Monitoring Centre on Change (EMCC)[5] confirms that the construction sector in Ireland has been hit hard by the recession. In terms of the profile of the industry, a higher number of workers in this sector are aged under 25 years compared with any other EU country. Further, self-employed workers with employees account for a larger share of employment in the sector (almost 13 per cent) than anywhere else in the EU.

Employment in the sector declined considerably during 2008 (by around 20 per cent from the fourth quarter of 2007 to the same period in 2008), following a decline of around six per cent in 2007. The fall in employment was concentrated in the residential sector, which lost some 40,000 jobs in the 12 months up to the second quarter of 2008. Young people, predominately men, were mostly affected by the job losses, with the number of workers aged under 25 falling by 23 per cent (13,500 workers). Further, the proportion of construction-related apprenticeships was reduced by over 50 per cent.

EMCC also reports that a large number of foreign nationals working in the construction sector have lost their jobs, with many of them returning home or leaving Ireland to seek work elsewhere. In addition, it is expected that many native Irish construction workers will also have to resort to looking for jobs abroad.

EMCC reports that most construction companies have responded to the downturn by reducing their workforce through redundancies or, to a lesser extent, through the non-renewal of temporary employment contracts. Some companies have also introduced short-time working.

In terms of the future of the sector, in its mid-year review for 2009, the Construction Industry Federation (CIF) notes that it expects to see significant job losses, up to 100,000, in the sector over the 12 months to the middle of 2010. It notes that 200,000 jobs have been lost in the industry over the past two years, affecting every level including senior management, office staff, those within the professions including architects, engineers, surveyors and planners, site management, craft workers, operatives and jobs in the wider economy that were supported by construction spending. CIF is calling on the Irish government to reverse a decline in public investment in infrastructure in order to save jobs in the sector.

Manufacturing industry

In contrast to recent developments in the construction sector, as outlined above, output in manufacturing industry increased by 4.3 per cent in the year to June 2009, according to Central

5 'Human Resource Practices in Multinational Companies in Ireland: A Large-Scale Survey', Gunnigle P, Lavelle J and McDonnell A. Employment Relations Research Unit, Department of Personnel and Employment Relations, University of Limerick. November 2007.

Statistics Office Ireland. The most significant increases were in basic pharmaceutical products and preparations (+35.1 per cent) and other manufacturing (+25.9 per cent). However, output in computer, electronic and optical products decreased by 17.7 per cent.

Nevertheless, there are signs of a slowdown in manufacturing industry – the seasonally adjusted volume of industrial production for manufacturing industries for the three-month period from April to June 2009 was 2.0 per cent lower than in the preceding three-month period, according to Central Statistics Office Ireland.

Public sector

A total of 360,900 people were employed in the Irish public sector in September 2009, according to data from the Central Statistics Office Ireland. This is a decrease of 8,200 compared with figures for September 2008. Employment in the education sector increased from 101,400 in March 2008 to 104,100 in March 2009, a rise of 2,700. Employment in the health sector fell to 110,200 in September 2009, a fall of 600 compared with figures for September 2008. In the year to September 2009, employment in regional bodies fell from 40,400 to 37,000.

In the four years to September 2009, employment in the public sector rose by 17,300 to 360,900. However, from September 2005 to September 2009, employment in the semi-state sector fell from 57,400 to 52,300, a decrease of 5,100, which is due in part to the privatisation of some companies. Employment in the health sector increased from 101,500 to 110,20, and employment in the police service (An Garda Síochána) for the same period rose by 2,400, from 12,300 to 14,700, reflecting the level of recruitment to that body.

The distribution of employment within the total public sector has changed little over the past four years. The largest sector is the health sector, which accounts for 30 per cent of all employment. The education sector makes up 28 per cent of total employment in the public sector, compared with 26 per cent in March 2006. The semi-state sector, civil service and regional bodies made up 14 per cent, 11 per cent and 10 per cent of total public sector employment respectively in March 2009, but stood at 16 per cent, 10 per cent and 11 per cent respectively in March 2006. The police service and the defence forces continue to make up four per cent and three per cent respectively of total employment in the public sector.

1.3 Restructuring frameworks

1.3.1 LEGAL FRAMEWORKS

Collective redundancies legislation

Restructuring in Ireland is covered by legislation governing collective redundancies: the Protection of Employment Act, 1977[6] (as amended in 1996, 2000 and 2007) makes it mandatory on employers proposing a collective redundancy to engage in an information and consultation process with employees' representatives and to notify the Minister for Enterprise, Trade and Employment of the proposed collective redundancy.

Redundancies may not take effect earlier than 30 days after this notification. Collective redundancies are defined by the law as follows:

- At least five employees in establishments with 21-49 workers.
- At least ten employees in establishments with 50-99 workers.
- At least ten per cent of employees in establishments of 100-299 workers.
- At least 30 employees in establishments with 300+ workers.

The Minister cannot prevent the redundancies, but may require employers to consult various authorities in order to seek solutions to problems caused by the redundancies, or attempt to reduce number of planned redundancies.

According to the Act, employers contemplating collective redundancies must begin consultations with workers' representatives in good time with a view to reaching an agreement. These consultations must at least cover ways and means of avoiding collective redundancies or reducing the number of workers affected, and of mitigating the consequences by recourse to accompanying social measures aimed at, for example, redeploying or retraining workers made redundant. To enable workers' representatives to make constructive proposals, the employer must in good time during the consultations supply them with all relevant information and notify them in writing of:

- the reasons for the projected redundancies
- the number and category of workers to be made redundant
- the period over which the projected redundancies are to be effected
- the proposed criteria for the selection of the workers to be made redundant (where relevant)
- the method for calculating any redundancy payments other than those arising out of national legislation and/or practice.

Employers may not give notice of any redundancies until the 30-day consultation period has elapsed.

[6] www.irishstatutebook.ie/1977/en/act/pub/0007/index.html

As noted above, employers planning collective redundancies must also notify the authorities in the form of the Minister of Enterprise, Trade and Employment, giving the following information:

- The name and address of the employer and the address of the establishment where the redundancies are to be carried out.
- The number of people who are normally employed at the establishment, and the number and type of employees that the employer is planning to make redundant.
- The period over which the redundancies are to take place.
- The reasons for the redundancies.
- The names and addresses of the representatives of the employees to be made redundant, and details of consultations with these representatives, including progress to date.
- Copies of this information should also be sent to employee representatives.

Additional protection against redundancy

The most recent amendment to collective redundancies legislation was carried out in 2007. The new Protection of Employment (Exceptional Collective Redundancies and Related Matters) Act 2007 gives greater protection to workers in collective redundancy situations. For more details, see Chapter 2.

Information and consultation legislation

The other major piece of legislation governing collective redundancies in Ireland is the Employees (Provision of Information and Consultation) Act 2006[7], which transposes the EU information and consultation Directive into Irish law. As Ireland had no prior generalised statutory provision for employee information and consultation, this was a major legislative change.

The 2006 Act establishes a right to information and consultation in undertakings in Ireland with at least 50 employees. One of the areas covered by this legislation is information and consultation in collective redundancy situations. The standard provisions of the Act, which apply in the absence of a negotiated or pre-existing agreement on information and consultation, state that information and consultation should cover:

- Information and consultation on the situation, structure and probable development of employment within the undertaking and on any anticipatory measures envisaged, in particular where there is a threat to employment.
- Information and consultation on decisions likely to lead to substantial changes in work organisation or in contractual relations, including those covered by Irish legislation governing collective redundancies.

[7] www.dail.ie/documents/bills28/acts/2006/A906.pdf

1.3.2 ACTORS INVOLVED IN RESTRUCTURING

Restructuring outcomes are largely determined at company level in Ireland. Therefore, the main actors involved in restructuring in the Irish context are managers in individual companies, interacting with trade unions or other workers' representatives.

Under collective redundancies legislation (see above), employee representatives are defined as "a trade union, staff association or excepted body with which it has been the practice of the employer to conduct collective bargaining negotiations, or in the absence of such a trade union, staff association or excepted body, a person or persons chosen (under an arrangement put in place by the employer) by such employees from amongst their number to represent them in negotiations with the employer".

Regional and local authorities can also be involved in the larger restructuring plans. Further, the public employment service FÁS offers a range of work experience and training courses to unemployed people, which includes workers who have lost their jobs through restructuring (see Chapter 2).

There has been debate recently in Ireland about the role of trade unions and employee representatives in a restructuring and redundancy context. According to commentators[8], trade unions in Ireland are reported to be unhappy with the fact that in many redundancy cases in Ireland at present, employee representatives tend to be consulted *after* a decision to cut jobs has already been made by the employer, with some workers first hearing about the decision in the local or national media. For example, a restructuring announcement at Coca Cola in Drogheda, County Louth, in 2007 was unexpected, and workers were reportedly unhappy with the perceived lack of consultation prior to the announcement at a general company meeting[9]. There are also, however, documented cases of active trade union involvement and bargaining with organisations in a restructuring situations (see Chapter 3).

1.3.3 DIFFERENCES BETWEEN IRISH AND FOREIGN-OWNED COMPANIES

As noted elsewhere in this report, Ireland has long been a favourite destination for multinational companies, and in particular US-owned companies. As also noted early in this report, although employees have a right to freedom of association, there is no obligation on employers to recognise and bargaining collectively with trade unions in Ireland. A recent survey of human resource practices in multinational companies in Ireland[10] looks at a range of HR areas, including employee representation and consultation practices. The survey found that union recognition rates were lowest among US MNCs. Interestingly, the survey found that there was a tendency for unionised MNCs to not recognise unions at their new sites, a phenomenon that it refers to as 'double-breasting'. The survey found that almost six in ten MNCs were engaged in

8 Irish response to EIRO study on Relocation of Production and Industrial Relations: www.eurofound.europa.eu/eiro/2005/11/word/ie0508204s.doc

9 'Coca Cola to move production to non-unionised plant.' EIRO October 2007: www.eurofound.europa.eu/eiro/2007/09/articles/ie0709079i.htm

10 'Human Resource Practices in Multinational Companies in Ireland: A Large-Scale Survey', Gunnigle P, Lavelle J and McDonnell A. Employment Relations Research Unit, Department of Personnel and Employment Relations, University of Limerick. November 2007.

some form of double-breasting, and that this was particularly prominent among US MNCs. Irish and UK MNCs were more likely to recognise trade unions at new sites.

The survey also found that there are high levels of discretion afforded to subsidiaries of foreign MNCs over trade union recognition, union involvement in decision-making and employee consultation.

1.3.4 PUBLIC EMPLOYMENT SERVICES

The Irish state employment and training agency (FÁS) provides advice and guidance on training and career options to all workers who have been out of work for at least six months. Individuals who have been unemployed for at least six months have access to training courses run by FÁS (see below). FÁS will also help to organise interviews with potential employers and help these individuals to prepare for interviews.

FÁS has a regional network of 66 offices and 20 training centres, through which it operates training and employment programmes. The organisation also provides a recruitment service to jobseekers and employers, an advisory service for industry, and supports community-based enterprises. In the case of redundant workers at Banta Global Turnkey (in the case study reproduced in Chapter 3), FÁS, which has a local office in Cork, played a key role in helping workers to find new jobs.

For more details on FÁS training programmes, see Chapter 2.

2.1 Measures and tools for anticipating restructuring

There are few formal observatories or early warning systems in place in Ireland to anticipate restructuring and redundancies. One exception is the government's early warning system of companies in difficulty.[11] Under this system, the Department of Enterprise, Trade and Employment (DETE) co-ordinates and oversees an internal Early Warning System of potential job losses and firms in difficulty, based on material provided on a confidential basis to the Department by IDA Ireland, Enterprise Ireland and Shannon Development. The system operates through notification by companies of proposed redundancies or difficulties to the Department and/or its State agencies. This information includes details as to why each particular situation has developed. The aim is to ensure, as far as possible, that information is available on companies in difficulty, and to enable agencies to assess what, if any, corrective action might be appropriate. Where redundancies occur, the State agencies under the aegis of the Department of Enterprise, Trade and Employment (FÁS, Enterprise Ireland, IDA and Shannon Development in the Mid-West region) endeavour to find alternative employment for those involved.

2.1.1 PARTNERSHIP MECHANISMS ESTABLISHED TO SUPPORT WORKERS WHO LOSE THEIR JOBS AS A RESULT OF RESTRUCTURING

In line with the practice of national and regional authorities in other Member States[12], special task forces have been established at regional/local level in Ireland on past occasions to 'fast track' the design and provision of services in response to significant impending job losses. These inter-agency task forces have usually been made up of bodies such as the IDA, Enterprise Ireland, FÁS, county enterprise boards, county development boards and local authorities together with business and community representatives. A number of these initiatives were launched between 1997 and 2002 to address job losses in the companies listed.[13]

Table 2.1:

Task Force	Established	Company/Job Losses
Tullamore Inter-Agency Group	July 1997	Atlantic Mills
North Mayo Enterprise Initiative	July 1997	Asahi, Killala and Henniges Elastomers, Ballina
Tralee Inter-Agency Group	August 1997	Klopman
AWG South East Task Force (Avonmore/Waterford)	December 1997	Avonmore/Waterford Group [mainly Dungarvan plant]

[11] Source: Response to Parliamentary Question, Col 254 21 June 2006.

[12] ERM Annual Report 2009, 'Restructuring in recession' European Foundation for the Improvement of Living and Working Conditions.

[13] See response to Parliamentary Question, Dáil Éireann - Volume 556 - 05 November, 2002.

Clonmel Task Force	December 1997	Seagate
Leitrim Enterprise Project Group	April 1998	Ballinamore Textiles
Donegal Employment Initiative	September 1998	Fruit of the Loom
Mullingar Inter-Agency Task Force	October 1998	Tarkett
Limerick Inter-Agency Group	November 1998	Krups
Longford Inter Agency Group	December 1998	Atlantic Mills, IEC Electronics & Barbour Threads
Ballinrobe Inter-Agency Task Force	January 1999	Betatherm Ireland Ltd & TJT Manufacturing
Laois Task Force	March 1999	Avon Arlington, Portarlington
North Tipperary Enterprise Initiative	March 1999	Offray Ribbons, Roscrea
Dunmanway Inter Agency Group	January 2000	Molnlycke
Ballinasloe Inter Agency Group	February 2000	AT Cross
Dundalk Inter Agency Group	July 2000	Dundalk Packaging (Guinness Group)
Thurles Inter Agency Task Force	May 2001	GMX
Macroom Task Force	August 2001	General Semiconductors
Drogheda Inter Agency Task Force	August 2001	Tellabs

Mr. Morgan Mr. Morgan

The most recent example of the establishment of such a task force is the Mid West Task Force established in February 2009 by the Tánaiste and Minister for Enterprise, Trade and Employment, Ms. Mary Coughlan, T.D., following the announcement by DELL that it was substantially reducing its Limerick workforce. The Task Force was charged with analysing the impact of the resulting significant job losses for the region; with making recommendations to address the resulting economic challenge; and with recommending to Government a development plan for the Mid West Region.

In addition to the existing initiatives aimed at low skilled workers and workers in vulnerable industries, successive social partnership agreements have made provision for a number of initiatives aimed at workers in vulnerable industries. In the national tripartite agreement, *Towards 2016*, Section 17 deals with the need to track labour market trends. It states that there is a need to monitor changing patterns of employment, including those of workers from overseas, and to keep under review the effectiveness of measures designed to protect employment standards and develop the labour market. In order to help do this, a new data series from the CSO will be set up, looking at earnings data by economic sector and occupation. In addition, Enterprise Ireland will also inform the Department of Enterprise and Employment of developments in companies that are grant-aided by Ireland, particularly if redundancies are likely to be involved.

Further, the *Towards 2016* agreement provides for the setting up of a new Group on Labour Market Trends and Employment Standards to track changing patterns of employment and earnings, to monitor employment standards and the development of the labour market and advise on information requirements to support these monitoring activities, in respect of issues such as temporary work, part-time employment and agency and self-employment and trends that would ‘indicate any employment shifts or displacement of workers in particular sectors’.

The national agreement also provides explicit policy and guidelines on the restructuring challenge for manufacturing, and contains a proposal to set up a High Level Manufacturing Group. This Group reported to the government in March 2008 with a number of recommendations, including that a manufacturing forum be set up, although this has not yet been established.

The follow-on agreement to *Towards 2016*, the *Review and Transitional Agreement 2008-2009*, agreed in the autumn of 2008, contains a range of further measures designed to help manage change in the context of the current difficult economic situation. Accordingly, Section 4 of the agreement is dedicated to the management of change and innovation. Firstly, the agreement formally states that the National Centre for Partnership and Performance (NCPP) will devise and promote, in close co-operation with the social partners, standard and best practice in the management of change, aimed for use at enterprise level.

There is also a commitment in the agreement to providing data to help the management of change. The NCPP has initiated research projects into the experience, behaviours and attitudes to workplace change among employees and employers in the public and private sectors in order to benchmark attitudes towards change, innovation and employee participation. The signatory parties hope that this will *‘provide unique insights into how the workplace is being transformed; and enable the social partners to better measure and manage workplace change’*.

Ireland’s IR institutions, including the NCPP were the subject of a report issued in July 2009 by the Special Group on Public Service Numbers and Expenditure Programmes and there is some speculation that the NCPP may be disbanded in the future.

Workplace Innovation Fund

The national agreement also makes reference to the Workplace Innovation Fund, which was launched in 2007 to provide financial assistance to companies which are seeking to boost productivity and performance through increased levels of employee participation and involvement. Under Strand 1 of the Fund, the NCPP will work closely with the parties and the organisation Enterprise Ireland (see below) to:

- expand the number and range of companies availing of the Workplace Innovation Fund
- engage in dissemination and promotional activities, including joint seminars with business organisations, trade unions and company networks
- develop networks and sectoral case studies as templates for wider involvement.

Under Strand 2 of the Fund, the NCPP will work closely with the social partners in planning and delivering joint programmes and activities to promote partnership-led change in Ireland’s workplaces.

Avoiding long-term unemployment

Further, the government is intending to activate a new initiative to intervene early to identify workers coming on to the live unemployment register who are at risk of becoming unemployed on a long-term basis. The government hopes to use targeted interventions to achieve this. Those who are at the highest risk of becoming unemployed are those that are subject to factors such as low education levels, poor literacy or numeracy, advanced age and a history of unemployment spells in recent years. The initiative will offer training and work placement support to targeted individuals, by locally-based facilitators. The system will be administered by FÁS and local employment services. The initiative is based on recommendations contained in a 2009 study by the Irish Economic and Social Research Institute.[14]

In addition to the above, the Irish government has developed a number of strategies aimed at strengthening and developing the economy, which also have relevance in terms of the strategy to anticipate restructuring.

Building Irelands Smart Economy: A Framework for Sustainable Economic Renewal 2009-2014

Launched in December 2008, 'Building Ireland's Smart Economy: A framework for sustainable Economic Renewal', sets out the Irish government's set of actions to reorganise the economy over the next five years. Its aim is to address the current economic challenges and to build a 'smart economy' with a thriving enterprise sector, high-quality employment, secure energy supplies, an attractive environment and first-class infrastructure. A number of specific action points are highlighted in the short-term that will help drive the restructuring of the economy. The aim of the strategy is to:

- Address the current economic challenges facing the Irish economy by stabilising the public finances, improving competitiveness, assisting those who lose their jobs, and supporting Irish business and multinational companies.
- Invest heavily in research and development, incentivise multinational companies to locate more R&D capacity in Ireland, and ensure the commercialisation and retaining of ideas that flow from that investment.
- Implement a 'new green deal' to move Ireland away from fossil fuel-based energy production through investment in renewable energy and to promote the green enterprise sector and the creation of 'green-collar' jobs.
- Develop first-class infrastructure that will improve quality of life and increase the competitiveness of Irish business.

A key feature of the approach is building the innovation or 'ideas' component of the economy through the utilisation of human capital – the knowledge, skills and creativity of people – and its ability and effectiveness in translating ideas into valuable processes, products and services.

Further, under the government's National Development Plan 2007–2013: Transforming Ireland, a number of relevant initiatives are contained in the human capital priority area of the plan, as follows:

14 www.esri.ie/UserFiles/publications/20090825142343/RS010.pdf

- To upskill the workforce through promoting access to appropriate training and lifelong learning.
- To implement the National Skills Strategy with the goal of increasing the skill levels of a significant proportion of those at work in support of Ireland's aim of improved competitiveness and moving jobs quality up the value chain.
- To expand the workforce through activation of groups such as the unemployed.
- To provide for curriculum reform and the National Framework of Qualifications.

In terms of social partnership involvement, unions and employers in Ireland are engaging with the government in a dialogue – with limited success thus far – about how best to weather the current economic downturn and protect the country's workforce and its businesses as much as possible (see below).

2.2 Measures and instruments to manage restructuring

The most common instruments used to manage organisational restructuring in Ireland are unilateral management decision or bargaining between management and trade unions or employee representatives. During the bargaining process, it is common for unions to be presented with a company decision to restructure with the negotiation emphasis subsequently focusing on seeking to limit the impact of the restructuring on the workforce. This can be effected by means such as trying to negotiate a lower number of redundancies than originally planned, through various means, including alternative working patterns, or the negotiation of as advantageous a severance package as possible, often mediated through the offices of the state's official dispute resolution bodies, the Labour Relations Commission and the Labour Court.

Overall, commentators note that where an employer is determined to restructure or relocate away from Ireland, there tends to be little that unions can do to prevent this, aside from reducing the negative impact on members, securing a reasonable restructuring or redundancy package and demanding adequate consultation.

2.2.1 ADDITIONAL PROTECTION AGAINST REDUNDANCY

A long dispute at the transport organisation Irish Ferries, which began in late 2004, had a major impact on Irish industrial relations and state redundancy policy.

The dispute began after management at Irish Ferries unilaterally issued proposals to replace 543 directly employed seafarers with predominantly eastern European agency workers and to reflag its vessels to Cyprus. Management introduced agency crew workers aboard Irish Ferries' vessels, backed by a security presence. This prompted the trade union SIPTU to engage in industrial action, although SIPTU ship officers only represented a minority of the workforce. As a result, Irish Ferries' ships were delayed in Welsh and Irish ports for almost three weeks. The dispute was resolved in December 2005 with the drafting of a legally binding agreement, which was unique in an Irish industrial relations context. Under the agreement, Irish Ferries was allowed to outsource crews and to reflag its vessels to Cyprus. However, the unions secured Irish minimum wage standards for the new, predominantly Latvian contract personnel and an agreement that pay and conditions will be maintained for the existing seafarers who choose to remain with the company. Employees who left were to receive a severance offer of up to eight weeks' pay per year of service, which compared favourably with the most generous severance packages in Ireland.[15]

As a reaction to this controversial case, extra statutory protection against redundancy has been put into place. The new Protection of Employment (Exceptional Collective Redundancies and Related Matters) Act 2007[16] aims to tighten the regulation of redundancies that fall into the category of 'exceptional collective redundancies'. Overall, it aims to curb the use of redundancy to replace workers, rather than due to a genuine need to cut posts for economic, technical or operational reasons. Specifically, the intention is to address exceptional collective redundancy situations and prevent a situation where an organisation carries out the compulsory replacement of existing workers by lower-paid workers.

The 2007 legislation creates a new special redundancy panel on a statutory basis to advise the Minister for Enterprise and Employment on whether a collective redundancy case should be referred to the Labour Court for a binding opinion. The intention to set up this panel was originally set out in the 2006 tripartite national agreement *Towards 2016*.

The three-member redundancy panel consists of:

- a chair and alternate appointed by the National Implementation Body
- ordinary members and alternates nominated by the Irish Confederation of Trade Unions (ICTU) and the Irish Business and Employers Confederation (IBEC).

Referral of cases to the Panel must take place within the 30-day notice period provided under the Protection of Employment Act, 1977.

The intention is that this mechanism will apply only in the following circumstances:

- The situation must involve a collective redundancy proposal on a compulsory basis, with the planned replacement of staff by:
  - direct employees employed by the employer effecting the compulsory collective redundancy, or
  - the use of other replacement workers by the aforementioned employer, in the same location or elsewhere within the jurisdiction (except where the aforementioned employer has an existing operation with established terms and conditions), on materially reduced terms and conditions, and with the new workers performing essentially the same jobs as those to be made redundant.

The Panel needs to ensure that the following requirements have been met:

- That the applicant has sought local engagement through the established internal dispute resolution procedures in place or availed of by custom and practice in the employment concerned, or normal consultative procedures and this has failed to resolve the matter.

15 'Landmark agreement reached at Irish Ferries': EIRO May 2006: www.eurofound.europa.eu/eiro/2006/04/articles/ie0604059i.htm

16 www.oireachtas.ie/documents/bills28/acts/2007/a2707.pdf

- That the applicant has behaved reasonably and has not acted in a manner which in the opinion of the Panel has frustrated the possibility of agreement to the introduction of necessary change or other restructuring proposals required to secure the viability of the business and, as a consequence, the best possible levels of employment and conditions.
- That there has been no recourse to industrial action from the date of referral to the Panel.

The Panel will then inform the Minister within one working day of receiving the referral. The Panel must either:

- Request that the Minister forward the case to the Labour Court, within seven days, for an opinion on whether the redundancies are exceptional as defined by the 2007 legislation (as set out above).
- Inform the Minister that the criteria set out in the 2007 legislation are not met.

No individual dismissals can take place for up to a further seven days pending the outcome of a request by the Panel to the Minister.

If the Labour Court decides that the redundancies fulfil the criteria of being exceptional and the employer then carries out the redundancies, the Minister can refuse to pay the rebate on redundancy payments that the employer would normally be entitled to (employers who pay the statutory redundancy entitlement and give proper notice of redundancy – at least two weeks – are entitled to a 60 per cent rebate from the Social Insurance Fund).

The intention is that this mechanism is not intended to apply to the employment of agency workers, for temporary or recurring business needs, or the use of outsourcing or contracting-out, or other forms of business restructuring, where the specific circumstances defined above do not arise. It is envisaged that recourse to this mechanism will not become a normal feature in the conduct of industrial relations but, rather, should only be used in exceptional circumstances.

It was hoped that the existence of this legislation would prevent further 'Irish Ferries-type' cases. This has proved to be the case, with only one case so far being brought to the Labour Court.[17]

In industrial relations terms, one of the main practical outcomes of the Irish Ferries case was the establishment of the National Employment Rights Authority (NERA). NERA was set up by the government on an interim basis in 2007, under the national partnership agreement *Towards 2016*. This agreement recognised the need to improve the enforcement of employment rights, and in particular to strengthen the provision of information and inspection. NERA has responsibilities under legislation on protection of young persons, working time, the National Minimum Wage, redundancy payments, employment agencies, employee information and consultation. NERA has an enforcement unit that can act on behalf of employees to have decisions of the Labour Court or Employment Appeals Tribunal enforced.

The Labour Inspectorate is now located within NERA. Under the legislation that NERA is responsible for enforcing, inspectors can:

- enter any premises at a reasonable time

[17] At Marine Terminals Limited (MTL) in Dublin. The case was referred to the Labour Court under the 2007 legislation by the trade union SIPTU in July 2009, following a dispute over what the union claimed was an attempt by the company to impose compulsory redundancies and cuts in pay and conditions on the workforce. The Labour Court ruled that should the company implement proposed redundancies for employees who did not take up new terms and conditions of employment, an exceptional collective redundancy 'could arise'. However, the Court also found that 19 redundancies (13 compulsory and six voluntary) enacted in May 2009 were legitimate redundancie.

- demand sight of records, and inspect records
- copy records and require information from any relevant person.

According to NERA, there has been a large increase in enquiries. NERA has a Memorandum of Understanding with the Irish Congress of Trade Unions (ICTU). This emphasises the need to attempt to resolve disputes about the application of employment legislation at workplace level, and commits NERA to a policy of informing employees who approach it with a complaint about the availability of trade union help and advice to resolve it.

2.2.2 UNEMPLOYMENT BENEFITS

There is a two-tier unemployment benefit system in Ireland, with benefits paid by the Irish Department of Social and Family Affairs (DSFA). Details are set out below.

Jobseeker’s Benefit

Those who are covered by Ireland’s social insurance system by having paid PRSI social insurance contributions are entitled to Jobseeker’s Benefit. This benefit is paid for up to 12 months for those have made at least 104 weeks of contributions into the PRSI scheme since they first started work and who have made 39 weeks of contributions in the relevant tax year or who have made 26 weeks of contributions in the relevant tax year and 26 weeks in the tax year immediately before the relevant tax year.

Individuals must be available for work and actively looking for work in order to qualify for Jobseeker’s Benefit. They may be asked to show evidence that they are actively seeking work, such as letters showing job applications or failure to get a job.

Individuals who are under 55 and who have received a redundancy payment of more than €50,000 will be disqualified from claiming Jobseeker's Benefit for the length of time as shown in 22.

Table 2.2:

Amount of Redundancy Payment	Period of Disqualification
€50,000.00 - €55,000	1 Week
€55,000.01 - €60,000	2 Weeks
€60,000.01 - €65,000	3 Weeks
€65,000.01 - €70,000	4 Weeks
€70,000.01 - €75,000	5 Weeks
€75,000.01 - €80,000	6 Weeks
€80,000.01 - €85,000	7 Weeks
€85,000.01 - €90,000	8 Weeks
€90,000.01 and over	9 Weeks

Source: National Employment Rights Agency, Ireland.

Jobseeker's Benefit is paid after the first three days of unemployment. The 2009 rates are as follows:

For claims on or after January 2009 the following graduated rates apply:

Table 2.3:

Weekly payment for new claims in 2009		
Average weekly earnings	Personal rate	Qualified adult rate (payment for a husband, wife or partner who meets certain social security criteria)
Less than €150	€91.80	€87.90
€150 - €219.99	€132	€87.90
€220 - €299.99	€160.10	€87.90
€300 or more	€204.30	€135.60

Source: National Employment Rights Agency, Ireland.

Jobseeker's Allowance

Individuals who do not quality for Jobseeker's Benefit or who have used up their entitlement to Jobseeker's Benefit are entitled to receive Jobseeker's Allowance. Individuals must be unemployed, aged between 18 and 66, be capable of work and be available for and genuinely seeking work. This is also a means-tested benefit. The weekly rate of Jobseeker's Allowance is €204.30. There are also payments for adult and child dependants.

2.2.3 REDUNDANCY PAYMENTS

Under the Redundancy Payments Acts 1967-2007, workers receive two weeks' gross pay for each year of service, plus a bonus week. To qualify, employees must have 104 weeks of continuous service.

Statutory redundancy payments are subject to a ceiling of €600 per week and are tax-free.

Company severance payments

Severance payments are a central feature of severance packages negotiated at company level and these severance payments often tend to exceed the statutory minimum as set out above.

A review of severance settlements in Ireland during January to July 2009 by the independent weekly journal *Industrial Relations News*[18] shows that the first six months of 2009 show more

18 Review of severance settlements, Jan '09 to July '09. IRN 29, 29 July 2009.

redundancies than the whole of 2008. According to the Department of Enterprise and Employment, there were 42,724 redundancies in the first six months of 2009.

According to IRN, one major trend in severance settlements in 2009 has been the emergence of a much tougher line by employers, resulting in lower settlements. Nevertheless, the majority of companies are still offering severance settlements that are considerably more generous than the statutory minimum payment.

On a sector-level basis, IRN found that in the engineering and electronics sectors, the average severance payment was around 5.5 weeks' pay per year of service, including the statutory entitlement. Some of the highest payouts were in non-union high-tech multinationals, such as Intel, where workers received six weeks' pay per year of service plus statutory entitlement.

In the food and drink sector, the average payout was just over six weeks pay per year of service, including statutory entitlement. For example, at the drinks manufacturer Bulmers, workers received 6.5 weeks' pay per year of completed service, including statutory entitlement, with a cap of €150,000 or twice annual salary, whichever is greater.

The pharmaceuticals and healthcare sectors saw high settlements, with an average of well over seven weeks pay per year of service, including statutory entitlement. For example, the package at Swords Laboratories in Dublin provided for six weeks pay per year of service, plus statutory entitlement, capped at two years pay, plus a lump sum of €2,750 per year of service (reduced to €1,750 for those over 62).

Nevertheless, in the construction sector, where redundancies have been concentrated over the past six months, many companies are awarding statutory redundancy payments only.

2.2.4 EMPLOYMENT SUBSIDY SCHEME

In August 2009, the government announced a new stream of funding to help companies in the context of the recession. The Employment Subsidy Scheme (Temporary) originally intended to provide a subsidy of €9,100 per employee over 15 months to qualifying exporting enterprises in the manufacturing and/or internationally traded services sectors. In December 2009, however, the scheme was opened to all companies. Qualifying enterprises must be judged vulnerable in the current economic climate but viable in the medium- to long-term, with such analysis being co-ordinated by Enterprise Ireland. The scheme is being introduced, in the context of rising unemployment, to assist in the retention of jobs and to help retain the economy's export potential.

Over the 15 months, the scheme will provide a maximum subsidy of €200 per full-time employee per week for the first 26 weeks, reducing to €150, €100 and €50 respectively for each of the subsequent 13-week periods. A reduced amount will be available for those working between 21 and 35 hours a week, in recognition of the fact that many companies have introduced short-time working.

Under State Aid rules, the maximum subsidy payable to any one enterprise, or group of related enterprises, for the duration of the scheme is €500,000. The subsidy will be paid in order to retain an agreed level of jobs and the scheme ran from the 24 August 2009, with a second call issued on 4 December 2009.

Eligibility for the subsidy will be restricted to those firms that meet the following criteria:

- Those that have not been in difficulty on 1 July 2008, but as established by a financial assessment is now facing significant difficulties as a result of the global and financial economic crisis.
- Those that are likely to have to consider redundancies within 12 months.
- Those that have already taken significant restructuring measures to improve their competitive position through full engagement at enterprise level on measures to sustain jobs. This could include strategies to reduce costs and improve productivity.
- Those that have export sales of at least 30 per cent of their turnover in the last full financial year. Exports are defined as sales outside the Republic of Ireland.
- Those that employ ten or more full-time employees (working an average of 35 hours per week) in Ireland at the date of application.
- Those that can demonstrate that the enterprise has sufficient cash taking into account this employment subsidy to trade up to 31/12/2010 and beyond.
- Those that have committed to maintain a number of full-time jobs until 30/11/2010.
- Those that are judged to have sound, robust and sustainable business models and business plans that are financially viable in the medium-term.
- Those that are assessed as capable of growth in the global upturn.

Overall, it is expected that the total subsidy level for this scheme will be €135 million and that 72,000 jobs will be retained in total.

2.2.5 NATIONAL SKILLS POLICY

The government, trade unions and employers in Ireland are in agreement that increasing the level of workplace learning and improving skills is a key element in helping companies to remain competitive in an ever-changing commercial environment, and helping workers to improve their employability in a labour market that is continually evolving in terms of skills demands.

The National Skills Strategy proposes that by 2020:

- 48 per cent of the labour force should have qualifications at National Framework of Qualifications (NFQ) Levels 6 to 10 (Third Level Certificate and above)
- 45 per cent should have qualifications at NFQ levels 4 and 5 (Leaving Cert or equivalent)
- only seven per cent should have qualifications at NFQ levels 1 to 3 (up to and including Junior Certificate).

In order to achieve these objectives, it will require:

- an additional 500,000 individuals within the workforce to progress by at least one NFQ level
- the proportion of the population aged 20–24 with Leaving Certificate or equivalent vocationally – orientated programmes should be increased to 94 per cent. The retention rate at Leaving Certificate will need to increase from 82 per cent in 2006 to 90 per cent by 2020

- the progression rate to third level education will need to increase from 55 per cent in 2004 to 72 per cent by 2020.

There is also an Expert Group on Future Skills Needs which will, in the future, report on the implementation of this strategy.

Skills training in SMEs is an area that it recognised in the 2008 national agreement by all the signatory parties. A total of €10 million is to be made available over the coming two years to provide training for SME managers and supervisors.

There are also a number of workplace training initiatives in place, including pilot trade union-led learning network in collaboration with FÁS. Within the framework of this, FÁS has entered into contracts with ICTU and trade union-related organisations in order to provide support and training for people in employment, with a particular emphasis on low-skilled and vulnerable workers.

Apprenticeships in construction

As noted above, the recession has hit the construction sector particularly hard. In order to support workers in this sector, FÁS, in consultation with the Construction Industry Federation and relevant trade unions, has made a commitment to put into place measures to ensure that apprentices are able to complete their apprenticeship programmes. Under the 2008 national tripartite agreement, FÁS states that it will *'implement short- and medium-term interventions for those affected by the increase in unemployment due to the construction slowdown'*. These include:

- providing training to augment the skills of construction workers in line with labour market needs
- providing business training and mentoring for workers from larger enterprises who decided to become self-employed
- developing measures to ensure continuity in the apprenticeship system, and
- promoting mobility to construction jobs elsewhere in the EU.

FÁS is also encouraging women to apply for apprenticeships in the construction industry. In addition, FÁS has arranged with the Department of Social and Family Affairs (DSFA) for immediate referral (by DSFA to FÁS) of any redundant apprentice who signs on for welfare assistance.

The government is also focusing on the construction sector in order to try to mitigate the effects of the recession. In the 2008 national agreement, it states that it will *'continue to monitor the trends and activities of the sector and work with all of the relevant stakeholders to ensure timely and satisfactory responses to the adjustment taking place'*. In particular, the government's focus is on helping individuals in the construction sector who have been made redundant, trying to give them new skills in order to make them more employable, particularly in new areas such as green technology and sustainability. Specific measures that the government will put into place include:

- Continuing to provide training opportunities to those who lose their jobs in the construction sector, involving measure such as offering a range of specific skills and developing an individual career path plan with each redundant worker in order to help them back into employment or self-employment.

- Offering FÁS technical employment support grants to provide retraining to redundant craft workers in emerging areas such as the installation of sustainable technologies.
- Retraining construction workers for employment in areas of the construction sector which remain buoyant or which are developing, such as environment-related activity, work related to compliance and regulation, waste management activity, and sustainable energy systems installation.

2.2.6 STATE SUPPORT FOR WORKERS WHO LOSE THEIR JOBS AS A RESULT OF RESTRUCTURING

There are a range of state-sponsored initiatives in place in Ireland that are designed to help workers who have lost their job or are under threat of losing their job due to restructuring. The main initiatives offered to redundant workers by FÁS are outlined below.

Work placement programme

If an individual is unemployed and receiving Jobseeker's Allowance for at least six months (see below), they may qualify for a place on Ireland's new Work Placement Programme and continue to receive Jobseeker's Allowance. This programme has been running since 2 June 2009 and aims to provide six months of work experience to individuals. There are two streams in this programme: Stream 1 has 1,000 places for graduates and Stream 2 has 1,000 places for unemployed people, with 250 of these places reserved for those aged under 25. Placements are allocated to each FÁS region according to the number of people on the live register of people who are out of work in that region. The programme is administered by FÁS.

FÁS also offers a short-time working training programme, providing two days of training a week, for employees who are on systematic short-time working for three days a week and who are receiving a social welfare payment for the two days that they are not working. At present, there are 277 places available and each placement is for 52 weeks. The initial training is provided by FÁS and the training offered is flexible, which allows individuals to complete courses if they return to full-time work. This programme allows people who have had their hours of work reduced to improve or add to their skills.

In addition, FÁS provides community-based employment and training programmes to make learning accessible in local areas. Programmes are organised in conjunction with community, voluntary and public organisations. FÁS reports that over 30,000 people benefited from these programmes in 2005. In particular, its Community Employment (CE) and Job Initiative programmes are primarily aimed at the long-term unemployed and other disadvantaged groups. CE offers participants an opportunity to engage in useful work within their communities on a temporary, fixed-term basis.

FÁS tailored approach

FÁS, through its Employment Services, offers a tailored approach as early as possible to the workers affected with a view to assisting them access alternative employment. FÁS has put in place with the Department of Enterprise, Trade and Employment (DETE) a fast-track redundancy notification system which facilitates early contact with companies and employees affected.

FÁS, on receipt of notification from the DETE, of impending redundancies makes contact with the company management concerned to discuss the services available from FÁS and the potential needs of the employees. Each response is tailored on a case-by-case basis. As part of the consultation process, FÁS establishes the scale of the redundancies, the skills profile of the employees affected, the number of years services/experience of the employees, level of education and any other relevant information.

This is usually followed by a meeting with the workers, on-site preferably, at which the range of services available through FÁS is outlined. These include:

- assistance with CV preparation
- assistance with interview techniques
- information and advice on job opportunities
- information and advice on training opportunities
- information on Job Clubs available in the area.

One-to-one registration/guidance interviews are then offered to provide an individual response to the needs of each worker. Following this, further customised support may be offered, such as access to a Training Employment Support Grant to purchase any training required that may not be available in the short-term through FÁS or at a convenient location. FÁS will also, where appropriate, run a specially developed training programme for a group of redundant employees.

As part of the FÁS response, contact may be made with other relevant agencies (for example, the Department of Social and Family Affairs) with a view to providing a co-ordinated and integrated approach.

In cases of large-scale redundancy, FÁS is part of an inter-agency Task Force set up by Government to mobilise the totality of the supports available through the relevant agencies.

2.2.7 SECTORAL AND COMPANY AGREEMENTS

In addition to state-sponsored measures, local and national collective agreements can provide extra support to workers who lose their jobs through restructuring. This applies particularly in industries such as the pharmaceutical and food sectors. For example, in the pharmaceuticals sector, redundancy payments are higher than average (see above).

In terms of individual cases of redundancies at large companies, the severance packages offered to workers at Coca Cola following a restructuring and redundancy exercise in 2007 were deemed by commentators to be very attractive. Redundancy payments were based on eight weeks pay for each year of service, inclusive of the normal statutory entitlement, with a ceiling of three and a half years pay (often the ceiling in voluntary severance plans is set at two years or lower). In this case, many of the workers at the plant in question had 20 years or more of service. At the time, the average annual wages of the plant's workers were estimated to be in the region of €60,000–€70,000, which meant that some workers were likely to have secured a one-off lump-sum payment of around €200,000.

2.2.8 OTHER COMPANY-LEVEL SUPPORT

In addition to redundancy payments, as part of the overall severance package some large firms run in-house support programmes for workers faced with redundancy as a result of restructuring. For example, when Coca Cola decided to move production from one site in Ireland in 2007 (as mentioned above), resulting in over 250 job losses, it offered the redundant workers financial advice, job search, re-training and business start-up assistance, in addition to a redundancy and early retirement package.[19] It should be noted, however, that there is a new dispute at present over outsourcing plans at Coca Cola, following an announcement in June 2009 that the organised plan to outsource those of its Irish logistics operations which were still in-house (about 40 per cent is already outsourced).[20]

In some cases, companies making workers redundant give these workers priority of rehire if positions subsequently become available. This was the case with the engineering company Deepak Unbrako in Co. Clare, where workers made redundant on a compulsory basis were to be re-employed on a seniority basis, if positions became available.

For more examples of the type of support on offer from companies to redundant workers, see the case study section of this report.

2.3 Effects of the economic crisis on social partnership

The current economic crisis is having a severe effect on the Irish economy, as has been seen throughout this report. It has also had a marked effect on social partnership in the country, by placing great strain on the most recent tripartite national agreement, *Towards 2016*, which was agreed in 2006: many employers have not been able to pay the pay increases contained in this agreement.

A follow-on interim agreement within the framework of the *Towards 2016* agreement was concluded in the autumn of 2008. This *Review and Transitional Agreement 2008-2009* contained follow-on pay increases after the expiry of the pay increases provided for in the 2006 agreement, plus a range of other measures, in the context of a deteriorating economic climate. The 2008 agreement also allows an employer to claim inability to pay the agreed increases if this would *'result in serious loss of competitiveness and employment'*. Further, the agreement

19 'Coca Cola to move production to non-unionised plant.' EIRO October 2007: www.eurofound.europa.eu/eiro/2007/09/articles/ie0709079i.htm

20 'Coca Cola strike raises outsourcing and transfer issues', Industrial Relations News 31, 2 September 2009.

provides for procedures for resolving any disputes at workplace level, relating to employers claiming inability to pay.

However, this Transitional Agreement – which was controversial at the outset as some smaller employers had argued for a pay freeze rather than pay increases – ran into trouble soon after its ratification in November 2008. Only a minority of firms have paid the increases provided for by the agreement.

At the time, commentators noted that: *'The breakdown in the social partnership process has come at a time of almost unprecedented crisis for the Irish economy, with the social implications of rising unemployment starting to become apparent. The Prime Minister (Taoiseach), Brian Cowen, and the Director General of IBEC, Turlough O'Sullivan, insist that social partnership remains the best way of addressing these problems. The trade unions claim that they are also committed to social partnership. To forge a comprehensive plan, however, the three main actors must find more common ground. Social partnership, which helped to trigger the Irish economic success story in 1987, faces its biggest challenge to date'*.[21]

In February 2009, trade unions balloted their members on industrial action to compel employers to comply with the pay terms of the agreement. By mid-May 2009, the independent specialist weekly publication *Industrial Relations News* (IRN) had recorded around 100 companies where the terms of the agreement had been applied. However, IRN noted that in the course of seven previous national agreements, a majority of unionised companies would have applied the terms of the deals by that stage. The companies that have been complying with the national agreement have been, for the most part, multinationals and those that have awarded pay increases relatively early in the pay cycle.

To try to resolve the situation, employers and unions at national level took part in talks with the government and devised a plan covering pay, pensions and competitiveness. However, by the spring of 2009, the process of tripartite talks had stalled. In an attempt to re-launch social partnership and initiate economic recovery, in May 2009, the Irish prime minister, Brian Cowen wrote to the general secretary of the Irish Congress of Trade Unions (ICTU), setting out the government's position on issues such as job protection measures, pensions, pay and public sector change. In terms of job protection, the prime minister stated that the government intended to put in place new approaches to intervening and to apply resources to job protection. ICTU requested an allocation of €1 billion in relation to an employment-protection agenda. The Irish Business and Employers' Confederation (IBEC) called for a similar allocation of funding to protect employment in the country.

In June 2009, the government issued a further document, after consultation with employers and unions. This proposal – which had not been formally ratified at the time of writing – is entitled 'Further Measures to Support National Recovery through Social Partnership'. It proposes to suspend the pay terms of the Review and Transitional Agreement until January 2011. However, this would be looked at again if the consumer price index returned to the level it was at in September 2008.

In August 2009, the government announced the launch of a €250 million scheme designed to protect up to 27,400 vulnerable jobs in the productive sector of the economy (see above).

[21] Brian Sheehan, 'National pay deal collapses in midst of economic crisis', EIRO, January 2009: www.eurofound.europa.eu/eiro/2009/01/articles/ie0901039i.htm

2.3.1 RECENT COMPANY-LEVEL INITIATIVES TO MANAGE RESTRUCTURING

Against this background of economic difficulties, there has been widespread reporting of companies and organisations in Ireland trying to offer flexible ways of adapting working time in preference to making redundancies. One example of this is a career break system offered by the Irish civil service. Under this scheme, staff will receive a payment of up to €12,500 a year if they agree to take a three-year career break. Around 300 workers are reported to have made applications under the scheme, according to the Irish Times.[22] It is thought that similar schemes will be offered in the local authority and education sectors. A career break scheme has also been proposed at the Irish newspaper, the *Irish Examiner*.

Other organisations offering career breaks include Irish Life and Permanent, which was one of the first companies to offer employees a career break scheme in the current economic climate. In 2008, the company offered staff an innovative paid career break scheme for periods of up to three years, capped at €35,000, in an attempt to cut costs and ride out the economic downturn. Volunteers were offered up to €20,000 or half salary, whichever is lower, to take a two year career break (€10,000 per year).

Most recently, in summer 2009, a number of media organisations in Ireland announced that they were cutting pay, following a series of pay freezes, in response to the recession. These organisations include the Irish national broadcaster, Radio Telefís Éireann (RTÉ), the *Irish Times* newspaper and the newspaper and communications group Independent News and Media (INM).[23]

Taking action to secure the future of an Irish plant

In 2009, workers at the Danish-owned pharmaceutical plant Leo Pharma in Dublin voted to back a restructuring plan for the company.[24] The management at Leo Pharma decided to take immediate action to reduce its cost base in order to secure the plant's future rather than wait for the company's Danish headquarters to decide on whether to relocate production. This agreement has therefore avoided relocation of the plant by solving the cost issue locally rather than waiting for a central decision.

The case had been taken to the Irish Labour Court by the trade union Unite, and the Labour Court recommended that the union conclude an agreement on restructuring with the company.

The Labour Court also issued a similar recommendation to the trade union SIPTU. During this particular dispute, a spokesperson for Leo Pharma told the specialist weekly publication *Industrial Relations News* (IRN) that the company's Danish headquarters had analysed the cost of manufacturing in Ireland. It concluded that Ireland was an expensive place to do business. As a new line of products was due to come on stream, the parent company was reviewing the Irish cost base and comparing it with manufacturing elsewhere.

22 www.irishtimes.com/newspaper/ireland/2009/0622/1224249264491.html

23 Large media organisations to cut pay as revenue falls. EIRO June 2009: www.eurofound.europa.eu/eiro/2009/06/articles/ie0906029i.htm

24 Workers at Danish-owned pharmaceutical plant agree to restructuring plan. EIRO May 2009: www.eurofound.europa.eu/eiro/2009/05/articles/ie0905029i.htm

The spokesperson for the company stated that the Irish management team had chosen to tackle the cost issue, deciding not to wait until after a potential decision to relocate had been made. The decision had been taken in order to make an early response in an effort to secure the future of the plant.

Flexible working to avoid relocation

In April 2009, workers at the Lufthansa Technik Airmotive Ireland (LTAI) aircraft maintenance plant in Rathcoole in County Dublin voted by a large majority to accept proposals that could secure the future of a key part of the company's Irish operation for the next 20 years. This has allayed fears that the 465 Irish jobs could be lost to Germany. The proposals provide for new work practices and flexibility measures, and were agreed under the auspices of the Irish National Implementation Body (NIB). The agreement provides for the introduction of a new flexible working time system and a reduction in shift premiums.[25]

2.4 Working in tandem with state agencies

2.4.1 FÁS DONEGAL RESPONSE TO FRUIT OF LOOM REDUNDANCY (AS AT JULY 2002)

Following the announcement of large scale redundancies at Fruit of the Loom plants in the Autumn of 1998, the Minister for Enterprise Trade and Employment Ms Mary Harney T.D. established the Donegal Employment Initiative (DEI). FÁS was represented on the DEI by Mr Michael Tully Regional Director FÁS North West.

In response to these serious job losses throughout the County in 1999-2001, FÁS Employment Services conducted Quality Registration Interviews with each affected employee in each plant location. The interviews enabled FÁS to assemble an overall skills audit of the workforce to facilitate a relevant response to the immediate needs and future needs in the event of replacement industries being found by the IDA and/or Enterprise Ireland. To this end FÁS actively supports the IDA and Enterprise Ireland by providing training and recruitment support to new and expanding companies. One such example is the support provided to PacifiCare, where prior to commencement of trading all the interviews and aptitude tests took place in the FÁS Training Centre in Letterkenny and the first batch of 30 recruits received their training in the FÁS Training Centre in Letterkenny. In addition, Prumerica availed of FÁS training and recruitment services at the FÁS Training Centre in Letterkenny.

[25] For further details, see 'Threat to job losses at Lufthansa Technik Airmotive averted', EIRO, June 2009: www.eurofound.europa.eu/eiro/2009/05/articles/ie0905019i.htm

Following the FÁS Quality Registration Interviews with the Fruit of The Loom redundant workers, FÁS put in place 25 training courses of an average duration of 28 weeks. All courses offered FÁS City & Guilds certification. These courses included:

- Information Technology in Greencastle, Milford, Donegal Town, Ballybofey, Carndonagh, Buncrana, Lifford, Ballyshannon and Letterkenny.
- Care of the Elderly/Community Care in Moville and Carndonagh.
- Teleservices in Carndonagh, Clonmany and Letterkenny.
- Childcare training in Carndonagh, Lifford and Letterkenny.
- Return to Work in Dungloe and Letterkenny.
- Career Development training in Buncrana, Letterkenny and Donegal Town.
- Heavy Goods Vehicle, Hairdressing, Computerised Accounts and Payroll in Letterkenny Training Centre at a total cost of €5.3 million.

The total number of people made redundant by Fruit of the Loom was 1,420. Of these, 1,220 availed of the Quality Registration Interview. Following their Quality Registration Interview, 872 expressed an interest in retraining and 254 undertook a training course. (It is important to note that while this figure may appear small, it has been FÁS' experience that, as these redundancies spanned a period of three years and our statistics were collected on a one-off basis immediately following the closures, workers who were made redundant in the early closures and did not take up their initial offer, many have in fact, subsequently availed of retraining via FÁS' normal support services.)

This intervention was additional to the services that FÁS provide for all unemployed people at the various outreach centres and at the FÁS Training Centre in Letterkenny and Gweedore. Training programmes at these centres include Specific Skills Training Programmes, Apprenticeships, Traineeship Programmes and Bridging/Foundation training.

All redundant workers continuing to require a service will automatically be referred to the FÁS National Employment Action Programme. FÁS Training Services respond to the emerging training needs for these clients through training courses delivered in both Training Centres (Letterkenny and Gweedore) or through locally organised Courses in any part of the County as required.

Overall, the number of ex-Fruit of the Loom redundant workers registered on the FÁS client caseload in the period was 1,200. Of these clients, 70 remain on the Live Register and approximately 90 are being responded to through the FÁS North-West Employment Action Plan.

2.4.2 OTHER COMPANY ACTIONS AND FUTURE INTENTIONS

Overall, during the first half of 2009, many organisations in Ireland implemented pay freezes or deferrals of agreed increases, partly in reaction to the economic crisis and partly because they wanted to wait for the outcome of national talks on pay increases. There has been less evidence of actual pay cuts, however. Nevertheless, among smaller employers, there does appear to be more of a trend towards pay cuts. The small business association ISME has indicated that by July 2009, 45 per cent of its members had cut pay by an average of 13 per cent during 2009 and a further 49 per cent had introduced a pay freeze. Further, 50 per cent of respondents said that they had cut working hours during 2009. A total of 26 per cent of respondents said that they intended to make redundancies over the coming three months. These were the results of a bi-monthly survey of 2,000 businesses, published in July 2009.

A survey carried out by IBEC in November 2009[26] found that the overwhelming trend was to freeze pay – 54 per cent of respondents to the survey had frozen pay for their staff, 22 per cent had cut pay and only 12 per cent had increased pay.

The survey also asked respondents about their intentions over the coming three months. A total of 55 per cent said that they intended to implement a recruitment freeze and 41 per cent said that they were intending to retrain existing staff. Short-time working arrangements were expected in 21 per cent of respondent companies, with a further 23 per cent considering their implementation. Layoffs were expected in 18 per cent of respondent companies with a further 27 per cent considering implementing them. Although 24 per cent of respondents said that they intended to reduce their spending on training, 14 per cent said that they intended to increase training spend.

Table 2.4: Actions companies expect to carry out in the next three months (as at 4th quarter 2009)

	Yes	No	Under consideration	Don't know/not stated
Freeze recruitment	55%	18%	11%	17%
Implement no further contract extensions	27%	17%	9%	47%
Retrain existing staff	41%	15%	22%	21%
Implement lay-offs	18%	40%	27%	16%
Implement short-time working arrangements	21%	39%	23%	16%
Reduce spend on training	24%	41%	14%	22%
Increase spend on training	14%	49%	13%	24%

Source: IBEC Business Sentiment Survey. November 2009. Quarter 4

2.4.3 GOVERNMENT INITIATIVES TO ENCOURAGE INWARD INVESTMENT

Ireland has long been a favourite location for organisations from countries such as the USA and other Western European countries. In order to encourage this inward investment, the government, through its Development Agencies, regularly offers financial incentives in the form of grants. There is also a corporate tax rate of 12.5 per cent, introduced in 2003, which makes it attractive for businesses to settle in Ireland.

26 IBEC Business Sentiment Survey. November 2009. Quarter 4: www.ibec.ie/IBEC/DFB.nsf/vPages/Economics_and_taxation~Resources~business-sentiment-survey-q4-2009-08-12-2009/$file/IBEC%20Sentiment%20Survey%20Q4%2009-Employment.pdf

The country's development agencies play a key role in stimulating the development of new businesses, facilitating the expansion of existing companies, and targeting FDI through a broad range of initiatives. In the current cost competitive environment, companies need to continue to invest in improving efficiency and productivity, by streamlining supply chain management, reducing energy usage and engaging in the strategic use of IT to improve processes both within their own organisations, and with customers, suppliers and partners. The development agencies provide a suite of financial supports and expertise to facilitate companies in managing improvements and transforming the ways in which they do business.

They work closely with Forfás and the Department of Enterprise Trade and Employment (DETE) in influencing policy by providing 'on-the-ground' information about the issues facing business in areas such as infrastructures, education and regulatory environment.

They also work closely together to promote Ireland internationally as a 'good place to do business' and with a strong reputation for high quality exports, and within that context they market the capabilities of regions specific to potential investors' needs. The development agencies work to deliver value for money for their expenditure, which is monitored using a range of indicators including increased exports, productivity, innovation and employment.

IDA Ireland

IDA Ireland, Ireland's inward investment promotion agency, offers a range of services and incentives, including funding and grants, to organisations considering foreign direct investment in Ireland. IDA is responsible for the attraction and development of FDI in Ireland. It is focused on securing investment from new and existing clients in the areas of High End Manufacturing, Global Services and Research, Development and Innovation. Key sectors include Life Sciences, ICT, Engineering, Financial Services, International Services, Digital Media and Consumer Brands. The IDA is also focused on emerging areas such as Clean Technology, Convergence and Services Innovation – areas that offer exciting new investment opportunities.

IDA attracts overseas and inward investment by:

- Focusing on business sectors that are closely matched with the emerging needs of the economy and that can operate competitively in global markets from an Irish base.
- Building links between international businesses and third level education, academic and research centres to ensure the necessary skills and research and development capabilities are in place.
- Pursuing Ireland's policy of becoming a knowledge-based economy by actively building world-leading clusters of knowledge-based activities.
- Compiling up-to-date statistics and facts for research into industry, the economy and FDI in Ireland.

IDA works proactively with its existing client base to ensure that the Irish entity continues to reposition itself with solutions that are strategically important to the parent and on effecting transformational change. IDA's marketing programme is premised upon building excellent relationships with the Irish based management team and with overseas decision makers. The agency provides the necessary supports for capital investment, retraining, productivity improvements, R&D and Innovation investment and/or employment creation.

IDA also provides serviced sites, pre-planning approval and buildings (buildings are provided by the private sector on IDA serviced sites) for industry. IDA is developing a limited number of larger scale strategic sites that are intended to service utility intensive enterprise activity (eg bio/pharma manufacturing, data intensive services).

Enterprise Ireland

Enterprise Ireland's (EI) core objective is to drive export growth by creating and growing internationally competitive businesses and facilitating entrepreneurship throughout the country. EI has offices and representatives established in a range of locations, both regionally and internationally, and their regional headquarters are based in Shannon. They provide both financial and 'softer' supports to:

- stimulate and support entrepreneurship
- stimulate investment in R&D and innovation – through financial supports, Intellectual Property advice, TechSource (technology acquisition)
- support company expansions and investment in capital and productivity initiatives
- provide supports for training and management development
- facilitate companies to participate in trade missions around the world, enable introductions and provide guides to accessing new markets
- provide supports for mentoring specific to a business' requirements (eg in marketing, finance etc.)
- facilitate establishment of business networks and facilitate linkages with HEIs (through Innovation and Industry-Led Research Platform programmes, and through supports for Technology Transfer Offices)
- support the provision of a range of property solutions.

County Enterprise Boards (CEBs)

The South West has three CEBs. The CEBs support the start-up and development of local business in Ireland. Supports include advice, mentoring and grants or financial supports for training and growth (as a guideline, the CEBs deal with client companies that employ less than ten people). Through the CEB Co-ordination Unit based in EI regional headquarters in Shannon, the CEBs are developing a closer working relationship with EI through, for example, the extension of the EI First Flight programme to eligible CEB clients ready to begin exporting or already exporting overseas and the EnterpriseSTART initiative (see above).

Shannon Development

Shannon Development is a government-owned regional development company dedicated to promoting and developing the Shannon Region of Ireland. Among other things, this body manages and promotes Shannon Free Zone, which is a 243 hectare international business park adjacent to Shannon International Airport on the west coast of Ireland. Since its establishment in 1959, over 110 overseas companies have invested in Shannon Ireland and the Zone states that it is Ireland's largest cluster of North American investments. Overall, around 7,000 people work in the zone.

Shannon Development provides financial assistance to companies wishing to locate in Shannon Free Zone or expand existing operations. It offers negotiated incentive packages, which are performance linked, is unique to each project and is arrived at through a process of negotiation with us. A number of grants are available for eligible projects, including capital grants, employment grants and research and development grants.

Entrepreneurship

Individuals faced with unemployment for the first time are often stimulated to establish their own companies, realising in many instances, an ambition that may have been percolating for some time. EI has intensified its workshops and awareness events and has recorded high levels of interest in funding for feasibility studies. Many of the new firms supported by EI are firmly based on technological expertise, and more recent investments have been in the areas of software development, green & clean technology and food. The CEBs, now co-ordinated through EI, support the start-up and development of local business, by providing advice, mentoring and financial supports.

2.4.4 PROACTIVE AND COLLABORATIVE RESPONSES – AN EXAMPLE

Tus Nua (www.tusnua.ie)

Tus Nua (translated as 'New Start') is a response to the increasing number of job cuts recently in Limerick and the Mid-West region. The initiative was instigated by Limerick Institute of Technology, and includes UL, Fás, Enterprise Ireland, IDA, the VECs and the City and County Development Board. It aims to retrain and educate those who have lost their jobs by providing comprehensive details about opportunities across the Mid-West.

Tus Nua opportunities are based on three pillars: Education, Enterprise and Employment. Its website presents a comprehensive overview of the range of supports available, enables online requests for meetings with relevant agencies, and/or registration to relevant information seminars, workshops and events.

For more details on how *Tus Nua* operated in the context of restructuring at Dell, see the Dell case study in Chapter 3.

Results of Anticipating and Managing Measures/Tools

3

This section contains a number of case studies detailing company responses to restructuring situations. They are drawn from the European Foundation's European Monitoring Centre on Change (EMCC) and the European Foundation's European Industrial Relations Observatory (EIRO).

3.1 Case study 1: AXA Insurance[27]

This case study illustrates good practice in terms of involving, consulting and negotiating with employee representatives over a proposal restructuring measure involving redundancies. A consultation period was initiated, in good time before any restructuring took place. In addition, this case study illustrates good practice in terms of offering workers a comprehensive package to help mitigate the effects of redundancy. This included generous severance payments, outplacement and pre-retirement assistance for older workers.

3.1.1 Background

In July 2008, the UK insurance and pension fund company AXA Insurance announced a restructuring plan that would result in 120 voluntary redundancies at its Dublin office, reducing its workforce from 920 to 800 workers. The decision was a result of declining turnover, and intense competition in the insurance sector, together with the company's desire to make its pay scales more merit based.

3.1.2 Advance warning and consultation

When an employer proposes to create collective redundancies in Ireland, they must initiate consultations with employee representatives affected by the proposed redundancies at least 30 days before the first notice of dismissal is given, with the aim of reaching an agreement between the parties. The following issues must be discussed during the consultation: the possibility of avoiding the proposed redundancies, the possibility of reducing the number of employees affected or of mitigating their consequences by adopting accompanying social measures, and the basis on which particular employees will be chosen to be made redundant. Employers must then forward written notice of the proposed redundancies to the Minister for Enterprise, Trade and Employment, with a copy of this notice sent to the employee representatives. In addition, the employer must consult with the minister, or an authorised officer of the minister, if requested to do so.

AXA management first raised the issue with employee representatives in October 2007, but the main consultation process occurred over a three to four-month period up to July 2008. This consultation involved representatives from two trade unions; the Services, Industrial, Professional and Technical Union (SIPTU) and the Unite trade union. AXA Insurance and SIPTU agreed a major pay and restructuring deal in July 2008 and while Unite initially expressed some opposition to the reorganisation, it eventually agreed. The company and trade unions then appointed an independent facilitator, who played an important part in drafting a jointly acceptable settlement on the restructuring process. As a result, the trade unions were able to secure certain improvements.

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27 This case study is taken from the ERM report, Good practice in company restructuring: www.eurofound.europa.eu/emcc/erm/studies/tn0903016s/tn0903016s.htm

This restructuring case is not seen as a typical example of restructuring. AXA is regarded as a progressive company with 'embedded' co-operative relations between management and trade unions. Other companies in Ireland have tended to act more unilaterally – for instance, by presenting restructuring plans that employee representatives have little opportunity to influence. However, the Irish government's insertion of the 2005 'Junk' European Court of Justice (ECJ) judgment into Irish law has meant that companies are now more likely to provide advance warning of restructuring and engage in more extensive consultation.

3.1.3 Support to workers

Many of the 120 staff who left AXA as part of the voluntary redundancy or early retirement programme were mostly aged in their late 50s and so they would not necessarily be taking up new employment. Pre-retirement courses and advice were offered to these workers, including financial advice and professional assistance on pensions. Some outplacement assistance was also offered. Most of this assistance was provided in-house.

The trade unions in the company would have been involved in the discussions on support and assistance for workers, but not so much regarding delivery. AXA seems to have offered more support than would be typical across the Irish economy. There is some evidence, however, to suggest that other companies are becoming more willing to provide support to workers in restructuring situations, although this varies across sectors, and according to company size.

3.1.4 Financial compensation paid to workers

AXA sought 120 staff to apply for voluntary redundancy or early retirement. Voluntary redundancy consisted of six weeks basic pay for each year of service applied – including statutory redundancy entitlement of two weeks pay for each year of service paid by public authorities. Weekly pay calculation included basic pay as well as an appropriate average of performance bonuses awarded for the last three years.

In addition to the agreed redundancy payment, the statutory minimum notice was paid in the most tax efficient manner possible. The upper limit on minimum notice and redundancy payment was €265,000. Voluntary redundancy was open to qualifying staff up to the age of 56 years at the time of leaving the company and all staff selected and approved for voluntary redundancy retained full pension rights.

Early retirement was only available to people over 50 years of age at the time of leaving the company. The early retirement package was to provide an immediate pension and cash lump sum based on actual service, minus an annual early retirement actuarial deduction of two per cent a year of potential service, plus up to five years additional added service. Those taking early retirement with less than five years to go before reaching the normal retirement age, received an additional payment of six weeks basic pay for each year of the added five years service that were not completed. A lump-sum statutory redundancy payment was also applied.

These settlements were deemed to be well above average. Redundancy terms vary across sectors, but more 'blue-chip' companies have in recent times been moving towards six weeks pay for each year of service. Some evidence can be found that companies, in general, are paying higher redundancy settlements – however, this could be due to recent increases in statutory redundancy entitlement.

3.1.5 Outcome

For the workers at AXA, the intensive consultations and collective bargaining that took place between the company management and trade unions meant that the outcomes were much better than if they had been implemented unilaterally by the company.

In relation to the 120 staff affected by voluntary redundancy or early retirement, the trade unions secured a higher redundancy settlement than perhaps might have been granted unilaterally by management. For the 800 workers remaining in their jobs after the redundancies, the trade unions were also able to maintain higher upper ceilings on new pay bands than might otherwise have been the case.

The management and trade unions concluded what appeared at the time to be a mutually acceptable industrial relations compromise, with no adverse effects on the company. Future arrangements may be less generous, however, given the uncertainties now facing the global financial services sector.

It should be noted that the restructuring process and response to the current financial crisis is ongoing at AXA – in September 2009, AXA and its unions, SIPTU and Unite, concluded a radical cost reduction agreement, which aims to protect jobs while putting a halt to an already agreed pay rise and will add an extra two and half hours to the working week.

The AXA case study was presented at the Irish National Seminar by Tommy Cummins, former HR Director of Axa, who stressed that one of the main factors in this restructuring process was the building of trust between the parties involved. Here, local forums had been created in order to build relationships between the parties, and had been functioning long before the restructuring was necessary.

Another challenge was to plan succession adequately as the company was losing its top tier of management in the voluntary redundancy process.

Mr Cummins also spoke of the challenges of bridging the culture divide between head offices in London and the local facilities in Ireland, particularly in terms of issues such as pay increases under the Irish national pay agreement, which was providing increases to Irish staff even in times of recession.

3.2 Case study 2: Irish Life and Permanent and Trustee Savings Bank[28]

This case study is an example of the management of restructuring caused by a merger. Issues to be resolved included preserving an employee share ownership plan, linked to working time arrangements, harmonisation of terms and conditions, bargaining arrangements, and managing the employment consequences of the merger: some jobs were lost as a result of the merger, although overall, employment levels increased.

3.2.1 Background

The former state-owned Trustee Savings Bank (TSB) was acquired by Irish Life and Permanent in 2001 to form Permanent TSB. Irish Life was itself owned by the state until 1991 and had taken over Irish Permanent and Irish Progressive in 1999. The bank, which has its headquarters in Dublin and branches right across Ireland, offers a range of personal financial services and is the leading provider of residential mortgages as well as the largest life assurance company in Ireland, where almost all of its activities are concentrated.

At the time of the merger, Irish Life and Permanent employed about 2,800 people and TSB, which was valued at approximately €300 million, some 1,200 people.

3.2.2 Reasons for merger

The acquisition of TSB gave Irish Life access to a clearing bank and its network of branches, as well as an extended customer base.

Involvement of trade unions/employee representatives

Trade unions in both companies were consulted to some extent in relation to the merger, although the process was constrained by stock exchange rules over confidentiality. Since the merger was certain to go ahead, trade union efforts were focused on obtaining the best deal possible for their members.

Before the acquisition, trade unions in TSB were involved in negotiating an Employee Share Ownership Plan (ESOP), under which workers received a 14.9 per cent stake in the company in exchange for concessions regarding working arrangements designed to increase flexibility and productivity and involving an extension of the working week from 35 to 37 hours. After the merger, the company offered its Irish Permanent staff a similar deal in return for the same type of concessions. The staff concerned rejected the deal but following a Labour Court recommendation settled for a cash deal that gave staff a wage increase of 7.5 per cent plus a lump-sum payment in return for an increase in working time to 36.25 hours a week.

3.2.3 Effects on employment

The expectation at the time of the acquisition was that some rationalisation of activities would occur but that this would lead to an overall expansion in employment. It was also intended to harmonise operations across the two companies as well as terms and conditions of

[28] This case study is taken from the ERM report, The consequences of mergers and acquisitions: www.eurofound.europa.eu/emcc/erm/studies/tn0810016s/tn0810016s.htm

employment. In general, this seems to have happened and the objectives of the merger seem to have been attained by Irish Life, which views the acquisition of TSB as being very successful.

Although some rationalisation of bank branches has occurred in certain areas (announced in 2005), and is still ongoing, involving a proposed reduction of 200–300 jobs through voluntary redundancies and natural wastage, mainly among branch managers and staff, the company has increased jobs significantly. The company is changing the management structure in some of its branches by 'twinning' up to 40 branches out of a total of about 100, which means that one person will manage two branches each, while rationalising other aspects of branch activity. Employment is estimated to be well over 5,000 workers, over 30 per cent higher than when the merger took place.

The policy of Irish Life was to equalise terms and conditions of employment across its operations. Therefore, in 2003, the company agreed with trade unions at TSB to changes in the working conditions of TSB staff and an increase in pay to bring their terms and conditions into line with workers in the rest of the group.

However, the belief that terms and conditions of Irish Permanent workers had fallen behind those of TSB staff led to a five-month long dispute between November 2003 and March 2004 between the workers' union Amicus (now Unite) and the company, which was resolved only after intensive discussions at the Labour Relations Commission (LRC). Since 2004, further harmonisation of terms and conditions of employment has occurred and unified bargaining arrangements between the company and the four trade unions representing employees have been established.

3.3 Case study 3: Banta Global Turnkey – departure from Ireland[29]

This case study looks at the management of restructuring involving the relocation of production away from Ireland to another country. It demonstrates good practice in terms of the severance payments on offer and the help given to redundant workers in order to enable them to find alternative work, including outplacement, re-skilling and other training.

3.3.1 Background

Some 150 IT production jobs were lost in Ireland due to the relocation of part of a US-owned company's activities to the Czech Republic. However, the negative impact on employees was limited by the buoyant local labour market at the time, and the generous financial provisions and practical assistance provided by the company.

3.3.2 Company profile

The Banta Global Turnkey (BGT) company was established in Cork in southern Ireland in 1995 when Banta Corporation, which is headquartered in Wisconsin in the US, took over the Irish-owned company BG Turnkey Services. Banta Corporation undertakes printing and digital imaging, as well as the management of outsourcing activities – materials sourcing and production configuration – for large technology companies.

BGT in Ireland has two major customers, Hewlett Packard and Microsoft, and its work includes the production of hard disk drives for the IT sector, as well as the printing of IT manuals and brochures.

3.3.3 Relocated activities and reasons

At the end of September 2006, BGT announced the relocation of the Hewlett Packard side of its business to the Czech Republic. The relocation took effect from the beginning of January 2007 and was completed by the end of March of the same year.

Before the relocation, 300 people were employed on the Irish site; after the relocation of activities, only 150 employees remained at the site. In all, some 200 people are thought to have been affected by the relocation, 75 per cent of these were permanent employees and 25 per cent temporary staff. The majority of employees were men and, in terms of skill, would typically be described as semi-skilled operatives.

At the time of the announcement, the company said that moving the production (primarily that relating to services provided to Hewlett Packard) to a new facility in the Czech Republic would *'help bring the company's cost structure in line with the current competitive environment and customer requirements'*. In other words, the main objective of the relocation was to reduce costs, although it was also seen as an opportunity for the company to review its capacity requirements in Ireland.

In this context, it can be noted that BGT had carried out a reconstruction in June 2003 that saw the company consolidate its Irish operations, resulting in the closure of its Dublin facility with the loss of some 65 jobs.

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[29] This case study is taken from the ERM report, The employment impact of relocation within the www.eurofound.europa.eu/emcc/erm/studies/tn0803056s/tn0803056s.htm

No open conflict emerged between the company management and workers following the announcement. The operatives at the Cork plant were unionised, but the company did not recognise the trade union representing the supervisory, technical and administrative grades among the workforce. The sister plant in Limerick is entirely non-union.

3.3.4 Relocation process and impact

The relocation took place over the period January to March 2007, with the actual job losses corresponding to those announced.

The trade union official who represented the workers said that the company provided extensive support for those affected. Workers received a redundancy package amounting to 4.5 weeks pay for each year of service, plus statutory redundancy entitlement of two weeks pay for each year of service – making a total of 6.5 weeks pay, with no 'cap' on the overall total. In addition, out-placement assistance was made available and workers received assistance with regard to interviews and the preparation of their curriculum vitae (CV). The company also offered fork-lift truck training for workers who expressed interest.

According to the same trade union official, the redundancy process was eased by the fact that most workers knew that it would not be too difficult to find alternative employment in the Cork area, which has proved to be the case. Moreover, workers were generally pleased with the redundancy settlement. Most of those who sought alternative employment found a new job and some retired.

The Irish Training and Employment Authority (Foras Áiseanna Saothair, FÁS) which has a local office in Cork, played a key role in helping workers to find new jobs.

Banta had a significant interface with the Dell computer manufacturing plant in Raheen, Co. Limerick. When DELL announced almost 2,000 redundancies at that plant in January 2009 there were major knock on implications for Banta also. To date, over 400 Banta staff have been made redundant as a direct consequence of the Dell situation with that figure set to rise to over 500 by early 2010.

On 25 November 2009, the European Parliament approved an application from Ireland for assistance from the European Globalisation adjustment Fund (EGF), which had already been approved by the European Commission in September 2009. A total of €22.8m in funding will be available with a significant co-financing element of €8m being provided by the Irish Government. Considerable preparatory work has been done in anticipation of being granted the funding, which when received will be effectively and efficiently spent on retraining, upskilling and providing educational and entrepreneurial supports for the 2,840 redundancies in total, of which 2,000 were in Dell and 840 in eight of its suppliers and downstream producers, including those workers made redundant in Banta.

3.4 Case study 4: Dell[30]

This case study demonstrates how an organisation has tried to keep the employment impact of relocation decisions as low as possible, in a context of moving production locations in order to keep costs to a minimum.

3.4.1 Background

This case study examines the decisions made by the US computer manufacturer Dell, focusing on job reductions in Ireland and job expansion in Poland. Dell's location choices are influenced by the fact that the company has faced intense competition from rival computer manufacturers, notably Hewlett Packard (HP), and experienced cost pressures. Its location decisions are also influenced by a desire to tap into new markets for computers in China, eastern Europe (Poland) and India. Dell does not recognise trade unions in its Irish operations.

3.4.2 Basic facts

Dell was founded in 1984 and has its headquarters in Austin, Texas in the US. The company is a diversified technology provider (primarily computer hardware), which designs, develops, manufactures, markets, sells and supports a range of IT systems and services. Dell offers a variety of products, including desktop computer systems, mobility products, software and peripherals, servers and networking products, enhanced services and storage products. The company is mainly represented in Brazil, China, India, Ireland, Poland and the US.

As of 2007, Dell employed 88,200 people worldwide. The company has a general policy of manufacturing its products close to its customers and markets, implementing just-in-time (JIT) manufacturing. Assembly of desktop computers for the North American market takes place at Dell plants across the US. In Europe, Dell assembles computers for the European market at Limerick in the Republic of Ireland and employs about 4,500 people in Ireland in total. In Asia, Dell's assembly plants in China and Malaysia assemble 95 per cent of Dell notebooks. Dell has invested an estimated USD 60 million (about €47 million as at 1 February 2009) in a new manufacturing unit in Chennai in southern India, to support the sales of its products in the Indian subcontinent. Furthermore, in South America, Dell also has a Brazilian plant in the city of Eldorado do Sul. The company also operates a number of retail and support facilities across the world.

3.4.3 Changes in the location of employment

The European Manufacturing Facility (EMF) 1, which opened in 1990, and EMF3 form part of the Raheen Industrial Estate near Limerick in the west of Ireland. EMF2 was situated in Castletroy in Limerick and was closed as a manufacturing facility in 2002. Dell has consolidated production at EMF3 and EMF1 contains only offices at present. Additionally, Dell has a sales and support site in Ireland's capital Dublin at the east coast, which employs about 1,500 people; however, the number of jobs will be cut by 200 following a redundancy programme. By mid-2008, the Irish manufacturing facilities employed about 3,000 workers. Production has started at a new European manufacturing facility (EMF4) in Łódź in central Poland, which has fuelled uncertainty about the future of the company's Irish operations.

[30] This case study is taken from the ERM report, Employment impact of relocation of multinational companies across the EU: www.eurofound.europa.eu/emcc/erm/studies/tn0810026s/tn0810026s.htm

Although Dell's manufacturing operations in Ireland have so far remained unaffected, there have been redundancies in its administrative and support functions in recent years, with the announcement of 250 job losses in April 2008. Simultaneously, Dell has opened a big new manufacturing site in Poland. Sources at Dell have said that, due to the high cost of doing business in Ireland, it is trying to ensure its Irish operations are focused on 'high-value activities'. Expansion has been partly focused in Poland, but also in strongly growing economies such as China and India.

In the summer of 2007, Dell announced plans to cut more than 8,800 jobs worldwide (at least ten per cent of its workforce) as part of a drive to cut costs by USD 3 billion (about €2.34 billion) a year to 2011. As a result of this broader restructuring, Dell announced in April 2008 that 250 of its 4,500 employees in Ireland would be made redundant. It is expected that the 250 redundancies at Dell in Ireland will attract the same severance terms, as previous redundancies at the computer multinational, corresponding to six weeks pay per year of service.

In the short-term, this round of redundancies is being seen by industry observers as a cost control exercise to deal with darkening economic clouds, rather than a move away from Ireland. Manufacturing capacity in Ireland is not to be reduced and almost all of the 250 redundancies are to be among administrative and support functions, such as finance, IT, marketing, sales and technical support. Almost 200 of the redundancies are expected to be at the company's sales, marketing and support centre in Dublin which currently employs about 1,500 people, with just over 50 redundancies among the 3,000 employees at the manufacturing site in Limerick. The bulk of job losses will be among less highly-skilled workers or those with less experience. Some managers will also leave. It is envisaged that most job losses will occur through 'natural wastage' or non-renewal of the company's significant numbers of contract staff.

Prior to these job cuts in Ireland, there have been a number of other small scale redundancy programmes in Dell's Irish sites over the past few years, which have primarily affected office, managerial, administrative and support staff, rather than those in manufacturing and production. In 2002, 150 managerial and administrative staff were made redundant. However, there is concern that, as the company moves to cut costs, and if the global economic situation continues to be depressed, Dell may look increasingly overseas to more low-cost manufacturing sites. Thus, while manufacturing capacity in Ireland is not being cut this time, capacity at the company's new Polish plant in £ódŸ is being increased. Fears are growing that once the £ódŸ plant is fully established, production from Ireland may be transferred to a facility that, according to the ERM database, could eventually employ about 3,000 people when up and running; incidentally, this represents the same number of employees as those employed in the Irish manufacturing facilities. These fears were confirmed in January 2009, when Dell announced that it was closing its manufacturing plant in Limerick, involving the loss of 1,900 jobs, and moving its production to Poland.

On 8 January 2009, Dell announced plans to make 1,900 workers redundant at its manufacturing plant in Raheen, Limerick. The first tranche of 450 redundancies was completed in Quarter 1, 2009, followed by 750 in July and the remaining to take place by the year end and January 2010. FÁS made immediate contact with Dell and agreed with the company to provide information and guidance services to each tranche of Dell workers prior to redundancy. The majority of staff affected were involved in manufacturing and production, males outnumbered females by two to one. Within the Mid-West region, there was growing concern as to the impact on employment in the region. It is estimated that the total job losses arising from Dell and downstream companies is estimated at over 3,000 jobs. State agencies involved in job creation and employment with educational institutions immediately came together to plan and work co-operatively to address the high level of redundancies in the region – this network was called Tus Nua. From this platform, a number of information and guidance events were held throughout the region, highlighting educational, upskilling services and other job supports within the region. A one stop shop web site was created whereby all agencies could be contacted. FÁS ran introductory programmes in Dell as an initial response for workers. All FÁS services and courses were made available to redundant workers from Dell after their redundancy. This level of engagement by FÁS continues with Dell and downstream companies – Banta being the largest of these companies with over 400 redundancies.

In June 2009, a significant application was made to the European Globalisation Fund for assistance in relation to the high level of redundancies arising from Dell. State agencies, such as FÁS, Enterprise Ireland, University of Limerick and Limerick Institute of Technology and the VECs worked together on the application for this Fund. The application relates to 2,840 redundancies in total, of which 2,000 were in Dell Computers and 840 in eight of its suppliers and downstream producers.

On 25 November 2009, the European Parliament approved the application, which had already been approved by the European Commission in September 2009. A total of €22.8m in funding will be available with a significant co-financing element of €8m being provided by the Irish Government. Considerable preparatory work has been done in anticipation of being granted the funding, which when received will be effectively and efficiently spent on retraining, upskilling and providing educational and entrepreneurial supports for the 2,840 redundancies in total, of which 2,000 were in Dell and 840 in eight of its suppliers and downstream producers.

3.4.4 Factors underlying location decisions

Decisions by Dell about investment locations appear to be motivated by both the need to lower its costs and the desire to expand sales in growing markets, with recent job losses in Ireland being related to rising costs for labour, production and energy in relation to countries like Poland, China and India.

Following a difficult couple of years, which have seen Dell lose its position as the world's largest PC manufacturer to HP, Dell sales have been increasing, but its high cost base means this has not fed through into profits. Results for its fourth quarter 2007 showed that revenues grew by ten per cent year-on-year to USD 15.9 billion (€12.4 billion), but that net profit decreased by six per cent to USD 679 million (about €530 million). In view of its cost position, the company's Founder and Chief Executive Michael Dell announced plans to cut costs by $3 billion (about €2.34 billion) by 2011. It has shut a manufacturing plant in its home base of Austin in Texas and also closed its Canadian call centre which involved the loss of 1,100 jobs.

Overall, Dell is facing increasing competition in the highly competitive PC market. Its own low-cost selling model has driven down the price of PCs. The company is more focused on the US than its main competitors HP and Lenovo. It is also more heavily skewed towards corporate customers, which account for about 85 per cent of its revenues.

Most recently, in September 2009, the European Commission approved an application from Ireland for assistance from the European Globalisation adjustment Fund (EGF). The application relates to 2,840 redundancies in total, of which 2,000 were in Dell Computers and 840 in eight of its suppliers and downstream producers. The total estimated cost of the package of is almost €23 million, of which the European Union has been asked to provide EGF assistance of €14.8 million. The package will help 2,400 workers made redundant by offering them job guidance, support to set up their own business, training and retraining, an internship programme and education allowances and grants.

The Dell case study was presented at the Irish National Seminar by Mary Donnelly, regional director of FÁS. She stressed the importance of early intervention and working with an organisation before any redundancies actually take place. FÁS employees were able to go into Dell and work with employees who were faced with redundancy. The redundancies took place in waves of around 400 workers, totalling 1,900 overall in the Limerick area in which Ms Donnelly's team was working.

3.5 Case study 5: Aer Lingus

This case study demonstrates the management of workforce reduction by employer and trade union representatives, with the help of the Labour Relations Commission. An agreement between Aer Lingus and the Services, Industrial, Professional and Technical Union, brokered by the Labour Relations Commission in late November 2008, averted potential industrial action and may herald a new trend in industrial relations in Ireland. A key feature of the deal was an innovative 'leave and return' option, under which some 850 workers have chosen to take a lump sum and leave the company before returning on reduced pay and conditions.

3.5.1 Cost-cutting agreements reached

At the former national airline, Aer Lingus, trade union members of the Services, Industrial, Professional and Technical Union (SIPTU) backed a cost reduction agreement – by an 80 per cent majority – that includes a novel 'leave and return' option. The deal will see a substantial number of workers departing on an attractive severance package, and returning in newly defined roles on lower pay and conditions.

The Aer Lingus/SIPTU agreement, which is to be registered with the Labour Court as a legally binding agreement, was brokered by the Labour Relations Commission (LRC) in late November 2008 and is based on the trade union's own alternative to an earlier outsourcing plan proposed by the airline. This initial management outsourcing plan would have involved 1,300 ground-based jobs 'migrating' to an alternative unionised service provider. The company guaranteed that the chosen provider would operate collective bargaining arrangements. However, the new 'insourcing' deal meant that this option – and the ensuing trade union threat of strike action – was averted.

The staff categories involved include baggage handlers, as well as clerical and catering staff; all of these workers are members of SIPTU. The agreement is part of an overall cost reduction plan that envisages total savings of €74 million, of which €50 million will be taken from labour costs.

Meanwhile, about 1,200 cabin crew – who are members of the Irish Municipal Public and Civil Trade Union (IMPACT) – reached a separate agreement, which includes new lower entry rates, 96 voluntary redundancies and changes in working conditions.

3.5.2 Reduced pay and conditions

Under the terms of the SIPTU deal, pay and conditions will be diminished for the majority of the employees concerned, although they will initially be cushioned by a once-off lump sum payment. They will also retain their current defined benefit pension entitlements; defined benefit pensions grant a guaranteed sum on retirement – unlike defined contribution schemes, which do not offer this security.

The agreement was conditional on a sufficient number of SIPTU members opting for the 'leave and return' option, rather than two alternative choices. The first of these was voluntary redundancy, while the second alternative choice was known as the 'stay as you are' option, which simply means that those involved would remain on their existing terms and conditions but would not receive lump sum payments. The volunteers for redundancy have been offered attractive payments of between €30,000 (minimum) and up to a maximum of three years of salary, which could reach as high as €140,000.

According to the specialist magazine, Industrial Relations News (IRN), Aer Lingus needed a minimum of 50 per cent of the 1,300 workers to opt for the 'leave and return' option in order for the company to secure its planned level of cost savings. This target was easily achieved, according to IRN, which revealed that the following choices were exercised by the 1,300 SIPTU members:

- 850 workers chose 'leave and return'
- 200 workers chose voluntary redundancy or early retirement
- 230 chose 'stay as your are'
- 85 persons had less than the 18 months of service needed to benefit from the terms of the agreement.

3.5.3 Sufficient take-up required

In an introduction to the agreement, Aer Lingus had made it clear that the entire deal was *'founded on the concept that … a significant number of people will opt to leave the company on the basis of a return … on the agreed new terms and conditions …'* . In other words, as noted, the agreement could only have worked for the company if enough people volunteered for the 'leave and return' option.

The pay terms of workers on new 'leave and return' rates will not be much different than those that would have prevailed at any alternative unionised service provider. By averting outsourcing the work to a service provider, however, SIPTU may be in a position to negotiate improvements in future years, if the airline returns to healthy profitability. It is conceivable that, at some stage, workers on the former terms and conditions will find themselves working beside a majority of colleagues who are on the new diminished terms and conditions. Trade union sources believe that this situation is certain to create pressure for parity of pay and conditions.

It should be noted that commentators expect that there will be a further cost-reduction plan at Aer Lingus during late 2009 and trade unions are expecting that this will involve further job cuts.

The Aer Lingus case study was presented at the Irish National Seminar by Gerry McCormack from SIPTU, who was involved in the restructuring on the trade union side. He noted that the airline needed to do something to reduce costs due to factors such as high fuel prices, and that this was understood by the trade union side. One of the main points made by Mr McCormack was the subsequent tensions in the organisation between those who had chosen the package on offer from Aer Lingus, and those who had chosen not to go, the so-called 'hibernators'. In addition, some resistance to the process was encountered from a number of middle managers, who feared an erosion of their power base. Overall, however, the exercise was deemed to be a great success and the savings to the organisation were in the region of €70 million, which is double the original target. In addition, Mr McCormack reported that attitudes among staff have changed: employees have embraced flexibility, upskilling and training and are now reported to be working in roles that previously they would have been reluctant to accept.

3.6 Case study 6: Jacobs Fruitfield

This case study demonstrates how the relocation of production and the closure of a local high-profile production facility was managed. The case study was presented at the Irish National Seminar by Seamus Storan, the former HR manager of Jacobs Fruitfield, and Peadar Nolan from SIPTU, who worked together during the restructuring process.

Jacobs Fruitfield had a long production history in Ireland, having been established in 1851 and employing over 1,000 staff. It was strongly unionised, with seven different trade unions representing staff. The organisation moved to its present site in West Dublin in 1970. It is the producer of a number of market-leading brands in the biscuits and snacks area. The organisation had a brief spell as part of the Danone Group, which ended in 2004 when it was acquired by a private Irish company. The company was seen as an excellent employer, offering good terms and conditions, including a swimming pool in the 1930s, and free medical care. Employees in the area regarded Jacobs Fruitfield as the employer of choice and staff turnover was low: jobs were for life and whole generations of families were employed by the organisation.

The organisation first put together a survival plan to try to reduce costs in 2006, due to rising fuel costs and an increase in overall costs. The survival plan was accepted by employees on the second ballot and included new terms and conditions for seasonal staff in the run-up to the Christmas period. This was followed by around 30 redundancies in 2007 as a result of the outsourcing of warehouse staff. However, costs continued to increase and in January 2008 the organisation announced its decision to outsource production. This announcement came as a shock to the workforce, due to the fact that it was a long-established employer in the area. The company organised a meeting for all employees, at which over 400 staff participated. Initially, the announcement met with hostility from the workforce, but the seven trade unions present in the organisation played a key role in negotiating severance terms for the workforce.

The company wanted to take a holistic approach and insisted that training and re-skilling would be part of the exit package. It put forward a total of €10 million to cover the costs of exiting from Ireland, which included a significant level of training and assistance for the workforce.

The workforce was initially focused on taking severance payments only, rather than including training as a part of their severance package. Shop stewards, who were released from their duties in order to be able to devote themselves full-time to negotiating exit packages, played a key role in persuading employees of the merits of training, and put a significant number of ideas on the negotiating table.

Mr Nolan and Mr Storan stressed that building trust and credibility between the parties was an essential part of the process. As part of this trust building, the company shared significant levels of information with trade union representatives, including earnings data. Although the company was determined to preside over an orderly wind-down, it was stressed that this was an ‘emotional roller coaster’ for the employees.

As part of the restructuring process, a body called the Ideas Institute was set up in order to help with training and skills updating. In addition, employee briefing sessions were held with the participation of FÁS, Equal Ireland, outplacement consultants, revenue commissioners, social welfare representatives and pension consultants. During these briefing sessions, which took place in working time, with production being rearranged to fit around the sessions, employees were given a range of information and advice about issues such as training, welfare benefits and pensions. As a result of the briefing by Equal Ireland, which provides skills accreditation, there was a significant sign-up for Equal Ireland programmes.

These briefing sessions were, overall, seen as very positive by the workforce, and set the tone for the rest of the negotiations, as the organisation was seen to be doing something positive to help its employees. It also extended the contracts of its seasonal workers so that they could attend the briefing sessions.

The main elements of the severance packages, as finally agreed, were:

- Seven weeks pay per year of service, in addition to statutory entitlement, up to a ceiling of €155,000.
- Training and upskilling opportunities provided in company time.
- Follow-up training on job search provided both before and after leaving the company.
- HR support for three months after redundancy.
- Registration for jobseekers benefit onsite rather than employees being obliged to attend the local welfare office.

It was stressed that this last point was invaluable, as it maintained employees' dignity – registering for unemployment benefits onsite at the company was infinitely preferable than being obliged to go to the local welfare office in person.

3.6.1 Trade union views

Peadar Nolan, from SIPTU, represented the trade union view of the process, and endorsed all that Mr Nolan had said, stressing that because of the positive culture of the company, there were trade union representatives who were very well placed and embedded in the company and therefore in a good position to be able to deal with the restructuring. He also noted that some of the employees were quite daunted by the idea and process of training, after having been in their jobs for such a long time, in some cases all their working lives. The union priority was try to put into place a culture in which training was seen as something that should be undertaken on an ongoing basis, rather than just in times of restructuring and crisis. One of the skills modules on offer to employees was therefore 'learning to learn' in order to help employees to make the most of the training on offer.

3.6.1 Success factors

The success factors of this relocation exercise were described by Mr Storan, who stressed that the early announcement of the decision to restructure was vital, as it gave the actors time to engage in a meaningful way. It was also important that engagement and consultation with trade unions was carried out in a meaningful way and that there was a dedicated negotiation team on both sides. The sharing of information by the company with trade unions was also key in building trust between the two parties. Mr Storan characterised the inclusion of the education and upskilling options in the negotiations and subsequent severance packages as crucial to the overall management of the relocation. Overall, he noted that communication as part of the ongoing process was of utmost importance in the successful management of the restructuring.

Evaluation results of the Anticipating and Managing Measures in Terms of their Transferability

4

This report has attempted to paint a picture of the way in which restructuring is managed in Ireland. It examines the economic background and the impact of the recession on the operation of organisations in the country and the effect that it has had on social partnership at national level. Although Ireland does not have a long-standing formal tradition of bodies or practices aimed at monitoring and anticipating restructuring events, a number of new measures have been set up by the government recently, and in the context of the economic crisis in order to try to mitigate the effects of the recession on jobs and to try to shore up industrial relations protection for workers.

For the past 15 years and more, Ireland has enjoyed a considerable amount of inward investment from multinational organisations, and particularly from the USA and in the high tech and IT sectors. This has been one of the defining characteristics of the Irish economy and has contributed to robust economic growth and labour market stability. Further, the Irish labour market and employment relations and business environment was considered to be favourable to incoming businesses, offering high levels of skills and flexibility.

This phase of rapid 'Celtic Tiger' economic growth and stability has now come to an end with the recession. This has pushed Ireland into a new phase, defined by company closures, relocations of production to cheaper locations and bargaining between employers and employee representatives over ways to avoid redundancies. The economic situation and the reaction to it is still evolving and will no doubt continue to change considerably over the comings months.

Workers who are made redundant in Ireland have entitlement to a statutory redundancy payment and many can also expect a negotiated company settlement that is considerably higher than the statutory minimum. Many workers, particularly those who have been employed by large multinationals, can also expect some help from their former employer, in the shape of training, outplacement and general information, advice and guidance on how to find alternative employment. In addition, a range of state measures are available to unemployed workers, in the context of a wider aim to move individuals off the unemployment register and into work. These take the form of upskilling, training and counselling and advice on how to move back into the labour market. Efforts are now being made to target specifically those individuals who are predicted to be at risk of being unemployed on a long-term basis.

The case studies reproduced in this report demonstrate good practice in a range of areas and in a range of circumstances. They show how organisations adhere to good practice in terms of working with employee representatives on planned restructuring events, not only respecting the appropriate consultation deadlines, but also involving employee representatives in the forming of the measures to manage the restructuring. They also show how organisations have managed potentially difficult scenarios, such as trying to harmonise terms and conditions of different groups of workers in a merger situation, or negotiating a package that recreates a complex arrangement that existed before the merger.

It is often said that enterprise restructuring is a way of life for organisations, rather than a one-off event, and that all the actors involved – employers, employee representatives and the workforce – must learn to deal with and engage with restructuring on an ongoing basis. At present, enterprise restructuring is most definitely a way of life for many organisations in Ireland and will conceivably remain so in the foreseeable future or at least until the current economic crisis is at an end.

4.1 Strengths and weaknesses of the measures to anticipate restructuring

As noted above, Ireland does not have a long tradition of formal early warning systems or observatories that are dedicated to anticipating change and enterprise restructuring. However, as has been seen, a range of government and state initiatives are in place in order to try to anticipate labour market and business trends, and to try to adapt skills supply to demand. These usually involve government agencies such as FÁS, often in close collaboration with regional and local bodies and authorities. This level of close local co-operation is a strength and one that could be emulated in other countries.

In terms of other strengths of the current system, the participants of the Irish National Seminar felt that a good infrastructure to cope with restructuring – transport, education and training, and Internet capacity – was in place, and that this was a strength of the Irish approach to anticipating restructuring, as these are the building blocks upon which any strategic approach to restructuring needs to rest.

Additional strengths include the fact that Ireland is a small country with strong national agencies, in which the government can play a lead role. Being a small country also means that beurocracy can be kept to a minimum, which can be an important factor in both anticipating and managing restructuring.

From the case studies, it is clear that in order to succeed in anticipating restructuring, communication needs to be strong within an organisation – if the workforce is aware of trends, it is more likely to be able to prepare itself for change. In addition, trust between employer and employee representatives is crucial – if a good relationship is in place, the parties are more likely to be able to work together constructively to anticipate change.

Further, training has been identified as an important factor in the anticipation of change and restructuring. If a strong training culture is in place within an organisation, rather than just a reaction to change that is already happening, the workforce is more likely to be able to retain employability in the face of change.

In terms of weaknesses, one general weakness identified by seminar participants was a lack of resources to deal with the volume of restructuring and likely restructuring that was happening in Ireland at present. This, of course, is an issue that it not peculiar to Ireland. It was felt that agencies such as the Labour Relations Commission, which often plays a key role in helping companies with labour-related problems, is a key actor in the anticipation and management of restructuring, but it is usually engaged in firefighting as it does not have the resources to go beyond this. If a co-ordinated approach to restructuring is to be put into place, more resources for organisations such as the Labour Relations Commission would therefore need to be released. Co-ordination of the approach to anticipating restructuring was deemed to be a general issue in Ireland – seminar participants felt that there were enough measures and bodies in place, but the challenge lay in joining them up into a co-ordinated approach.

As mentioned above, training and skills development is a key factor in any strategy to anticipate restructuring. In Ireland, it was felt by seminar participants that one of the challenges in this regard is to develop training policy so that it supports skills training for people who are in employment, or the 'soon to be unemployed', rather than focusing on workers who have already lost their jobs. Persuading employers to buy in to a continuous training system is a part of this challenge, as is extending the training to workers with low skills levels. At present, there is no provision for paid release for training in Ireland, which makes it difficult to offer consistent training to workers across the country. Seminar participants spoke of the need for a shift from viewing training as a cost to viewing it as an investment.

Another challenge for both institutions and individual companies is to build on recognition of prior learning. This is starting to happen in Ireland, within the framework of the National Qualifications Authority, and is important in the anticipation of restructuring, as it gives individuals a portable qualification.

4.2 Strengths and weaknesses of the measures to manage restructuring

Much of the debate at the Irish National Seminar centred on the character of the Irish model of industrial relations and social partnership. Over the past couple of decades, Ireland has not had to deal with restructuring on any major scale. The current recession and the restructuring that this has engendered, has therefore hit the country hard, despite a general positive attitude on the part of the relevant actors.

In terms of strengths in Ireland's approach to managing restructuring, it was felt by seminar participants that Ireland's national agencies are a strength, as they are well organised and some, such as the state training agency FÁS, can offer a tailored approach to skills development and training for workers who have lost their jobs. FÁS will also tag individuals in order to gain information on their whereabouts after a restructuring exercise. As has been seen in this report, FÁS has played a key role in helping to manage restructuring in particular organisations, using a tailored, local approach.

Ireland's partnership approach was felt to be a strength, even though the national partnership process was currently experiencing difficulties. Partnership at regional and local level can, however, play an important role in restructuring, as seen in case studies such as that of Dell, detailed earlier in this report. Partnership can be transferred internationally, although the relevant framework and conditions need to be in place, and it so may be more difficult to transfer this in countries without these long-standing frameworks and traditions.

A debate was also held in the National Seminar on the issue of consultation and the role that it can play in the management of restructuring. It was recognised that best practice in restructuring is to involve employees in the process as much as possible, and that this can help to build a relationship between the actors, and to foster trust. Overall, good levels of consultation can make a big difference in how the employer is viewed by the workforce. This is something that can be transferred internationally, depending on national information and consultation networks.

The issue of transparency and good communication, linked to trust, was a strength that ran through all the case studies presented at the National Seminar. If the workforce trusts the organisation, it will buy in to the restructuring, and it can be managed more effectively, and with an outcome in which the workforce feels involved.

In terms of weaknesses, it was felt by seminar participants that a key weakness in the Irish approach to managing restructuring was an over-reliance on redundancy and particularly redundancy payments. These payments, which can be significant, are attractive to employees and therefore trade unions will negotiate them for their members, but this can be a short-term approach, as when the money runs out, the individual may be left without a job and without the necessary skills to find new employment. Alternatives to redundancy, such as the scheme described in the Aer Lingus case study, were thought to be important.

In terms of future challenges, the feeling from the National Seminar participants was that although there are a variety of state measures and aid programmes around to help to manage restructuring, which is a strength, the main challenge was to join them all up and devise a co-ordinated rather than an ad hoc approach.

Another key challenge for the state's approach to helping people who have lost their jobs is to try to avoid a drift into long-term unemployment, after which individuals find it harder to find work. As part of this, seminar participants felt that it was important for the government to focus on helping people with low skills levels, people under the age of 35 and those in particularly vulnerable sectors, such as construction, manufacturing and retail.

Conclusions

5

This report and the debates held at the Irish National Seminar on 17-18 December 2009 have examined the current measures and tools currently available in Ireland to anticipate and manage enterprise restructuring. The Irish model of industrial relations and social partnership provides a strong framework within which to anticipate and manage restructuring. The current recession, which has hit Ireland hard, means that restructuring exercises are extremely common at present and redundancies and bankruptcies are rising. Sectors such as construction have been particularly hard hit and there is widespread agreement that the years of 'Celtic Tiger' growth are now over. Social partnership is under pressure as employer and union representatives struggle to find common ground on the way forward for the country's national pay agreement.

Although Ireland does not have a long-standing overall framework of measures in place to anticipate restructuring, the government and other state bodies are putting into place measures and funds to try to support companies which are finding themselves in economic difficulties and to try to help workers who are threatened with unemployment as a result of restructuring, based partly on lessons learned from other countries in this respect.

One key message to come from the debates held at the National Seminar was that measures that look to the longer-term are crucial: ensuring that training, re-skilling and outplacement measures are offered to workers as a matter of routine, rather than in a crisis situation, mean that workers will be better placed to respond to restructuring if this should happen.

There are a range of measures in place in Ireland to manage restructuring, including statutory information and consultation provisions, statutory severance payments and state-funded employment guidance. In addition, a number of organisations offer help to employees who are threatened with redundancy, in the form of training and outplacement, and enhanced severance packages. During the debates held at the National Seminar, a view emerged that although severance payments are an important element of severance packages, it is extremely important to look to the longer-term in terms of employability, by offering training and development to redundant workers. The workers themselves will, on occasion, need persuading to take the training rather than the money, and trade unions can help with these types of negotiations.

The view also emerged that it was crucial to keep people as close to the labour market as possible, to prevent them from drifting into long-term unemployment (six months or more). Here, work experience placements can play a role in ensuring that people remain active in labour market terms.