

Chapter 3

Reform of joint regulation and labour market policy during the current crisis: the manufacturing sector in the Republic of Ireland

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1. Introduction

As recently as 2007, Ireland was seen by many people as top of the European class in terms of its economic achievements. A long period of high rates of economic growth and low unemployment had been combined with budget surpluses. The country appeared well placed to cope with any economic slowdown as it had a gross debt/GDP ratio of 25 per cent in 2007 and a sovereign wealth fund worth about 5,000 euros a head' (Whelan 2014: 1). The subsequent economic crisis and the 'Troika' assistance programme has had a profound impact on the Irish economy and on industrial relations, including the collapse of the twenty-year old 'National Social Partnership' processes of national-level collective agreements, which had become a defining feature of Irish industrial relations from the late twentieth century into the early twenty-first century. The crisis has also led the Irish government to make commitments to the Troika to reform significant dimensions of the Irish labour market. The research conducted and reported here for the Republic of Ireland was part of a wider research project funded by the European Commission into the impact of the crisis in the manufacturing sector. The data collected and reported in this chapter concern the impact of the crisis on the Irish labour market, the potential impact of the reforms agreed with the Troika and how collective bargaining was conducted in a variety of unionised manufacturing workplaces during the crisis until late 2014.

Executive summary

The main distinguishing feature of the Irish economy from 1987 until the economic crisis of 2008/09 was the dominance of national

corporatism as the platform for social dialogue. This model of national social partnership emerged in response to the recession and economic problems Ireland faced in the 1980s, and collapsed under the strain of the financial crisis of 2008/2009. Roche (2011) suggests that Ireland's social partnership model had gained an international reputation for versatility. It was viewed by some commentators as a new form of 'voluntary' regulation among social partners with economic and political governance embedded in institutions of the state (Hardiman 2010). The economic crisis of 2008/2009 had a profoundly damaging effect on these structures and on the Irish economy: increased unemployment; the collapse of the national system of social dialogue and collective bargaining; in particular youth unemployment and emigration. Trade unions were forced to engage in forms of 'concession bargaining' while maintaining a system of collective negotiation at workplace level (Teague and Roche 2014: 189).

Ireland entered an International Monetary Fund, European Union and European Central Bank (hereafter the 'Troika') bailout or 'Economic Adjustment Programme' in December 2010 with a financing package of 85 billion euros (EU 2014). This bailout package included major reform of labour market regulation, particularly the creation of new employment rights and industrial relations bodies (Regan 2012) and changes to wage setting mechanisms in key economic sectors (Barnard 2012), thereby changing the industrial relations landscape.

At the end of 2013 Ireland exited the Troika financial assistance programme and the economy witnessed some improvements during 2013 and 2014 with falling unemployment, although emigration continues on a large scale. Ireland is also still subject to a Troika post-programme surveillance scheme until at least 2031 (EU 2014).

A combination of the economic crisis and the influence of Troika-inspired labour market reform could be expected to have long-term implications for the conduct of Irish industrial relations, in particular a fundamental shift in the nature, scope and form of collective bargaining in both public and private sector organisations. In this chapter we examine the impact of these changes in Ireland since 2008, with particular emphasis on collective bargaining generally, more specifically in the manufacturing sector. This is achieved by means of interviews with national social partners and several company-level case studies.

Across all sub-sectors studied, there was an emphasis on ‘concession’ bargaining for unions, with employers expecting and demanding improved productivity, work flexibility and other changed conditions in return for negotiated pay increases or even pay freezes. The findings also point to a new industrial relations architecture characterised by both ‘structural change’ and ‘process continuity’. Major ‘structural change’ is evident in the collapse of the national platform for social dialogue in 2010. Consequently, collective bargaining has gone from a national and centralised arrangement to one conducted almost exclusively at the enterprise level. The enduring ‘process continuity’ is found in high levels of enterprise-level bargaining, especially during times of substantial restructuring and change. There were, however, substantial differences between sub-sectors within the manufacturing sector, particularly when comparing hi-tech medical and pharmaceutical sub-sectors with drink, food and metals subsectors. In the case of the former (hi-tech, medical devices and pharmaceutical), decision-making was found to be robust when achieved through negotiated settlement, and support for change much more embedded when workers have a legitimate voice. By contrast (in the sub-sectors of drinks, food and metals), unions and workers have felt the more negative impacts of the economic crisis and bargaining scope appears much narrower in terms of issues covered.

Finally, the research highlights a divergence in preference and approaches, both among the social partners but also between different employer groups, concerning the future role of national bargaining or social pact arrangements. For some unions the desire for a coordinated national social platform remains strong, although employer groups and individual employers appear to have little interest in or appetite for national or sectoral social engagement and instead view a (reduced) bargaining role as appropriate only at the most local of enterprise levels. Importantly, divergence was evident between types of employer groups. Some national employer representatives saw little value whatsoever in bargaining or consultation with unions at all, and preferred a non-union individualised HRM-type of arrangement through employee communications with clear unilateral managerial decision-making, shaped in part by practices in non-union (typically American) multinationals operating across manufacturing sub-sectors. However, many company-level managers appreciated the functional purpose of collective bargaining; for example, in providing better decision-making processes, bargaining helped to achieve employee support and

understanding about responses to the crisis in terms of the changes to reposition the firm, and bargaining offered a degree of predictability (even if negotiated agreements were at times protracted). Notwithstanding some employer diversity, a clear common trend among employer groups was the shift to localised single-employer bargaining.

The chapter is structured as follows. Section 2 includes an explanation of the research methodology to include national social partner interviews and company-level case studies. Section 3 reviews the character and nature of the Irish system of industrial relations before and during the economic crisis. An examination of reform and change to collective bargaining at national and sectoral levels (state, employer bodies and national-level union responses) since 2008 comprises Section 4, while Section 5 traces the same phenomena at workplace level via the case studies. The report reaches its conclusions in Section 6, which discusses the key themes and issues concerning labour market reform and collective bargaining in Ireland that emerged from the research.

2. Research and methodology

The fieldwork was designed to collect information on how the economic crisis affected the nature and processes of collective bargaining in the manufacturing sector in Ireland. The research design included three separate complementary levels of data collection (national, sector, workplace), and a subsequent follow-up integrated national-partner meeting held in Dublin. In total, 32 people were interviewed across the three levels. The companies involved in the research and the individuals interviewed were identified through previous contacts with the research team or as key persons for their organisations. Table 1 lists the case study workplaces, the groups of employees interviewed, some context about the products manufactured and background regarding the impact of the crisis on each workplace.

2.1 National level

The first level concentrated on national informants on the changes since the financial crisis. The main purpose of this phase of the research was to establish an outline of the main developments in collective bargaining

and legislative changes that occurred (or were planned) as a result of labour market reforms.

Seven interviews took place with key national social partners consisting of:

- Two senior officials of the Industrial Relations Section of the Department of Jobs, Enterprise and Innovation (interviewed June 2014, of which one was re-interviewed in November 2014).
- Two members of the main employers' body, the Irish Business and Employers' Confederation (IBEC) (interviewed June 2014).
- A national official of the Irish Congress of Trades Unions (ICTU) was interviewed twice, once in July and again in November 2014.

2.2 Sectoral level

The second part of the research design concerned sector-level data, with five additional respondents. Ireland does not have a coordinated or bespoke manufacturing sector bargaining arrangement or a specific employer federation for manufacturing. Interviews to capture sector-level issues and responses thus dovetailed and overlapped with national informants; in particular the two IBEC interviewees who had responsibility for manufacturing and foreign direct investment-type organisations in pharmaceuticals and medical devices (among other things). In addition, sectoral union experts from three of the main Irish trade unions involved in the manufacturing sector were interviewed from: SIPTU (twice) in June 2014, TEEU (twice) in July and August 2014, and with UNITE the Union (once) in June 2014.

2.3 Workplace level

The third level of research focussed on workplace-level data from different companies with collective bargaining arrangements across a selection of sub-sectors in manufacturing. The aim was to obtain responses from different parts (sub-sectors) of manufacturing at a local workplace level from managers and union representatives. We interviewed 22 participants in five different companies; the participants included local shop stewards, HR managers, regional and site management and full-time union officials.

The company case studies were designed to be representative of the Irish manufacturing sector (see Table 1). These included: *PharmaCoIrl* in the chemical/pharmaceutical sector, *FoodCoIrl* in food and drink sector, *MedivCoIrl* in the medical device sector and *MetalCoIrl* in the metals sector.

A final phase was the integration and coordination of data with a national meeting of social partners (November 2014). This allowed some initial feedback to respondents and social partners and an opportunity for them to offer clarification and additional information.

3. The character and processes of collective bargaining and labour market regulation before the crisis (a brief review)

The Irish state was founded in 1921 and the written constitution adopted in 1937 has been amended 33 times since. Irish industrial relations has its roots in the UK industrial relations system, thereby providing similar approaches such as trade union immunities in legislation and the general voluntaristic approach. Similar to the United Kingdom, Irish employment legislation is based on the assumption that an employer and employee agree a contractual relationship freely and voluntarily, on an equal footing, and that this sets out the terms and conditions of employment. Traditionally, the regulation of the employment relationship has taken place almost exclusively at individual contractual level. Irish employment law is therefore almost an extension of the law of contract (Bacik 2011).

Traditionally, voluntarism as practiced in Ireland up to the late 1970s was interpreted to mean trade union and employer opposition to legal intervention and that the parties largely regulated their own procedures free from state intervention (D'Art *et al.* 2013: 13). The conduct of industrial relations was left to the main actors, save for the role of the government in 'holding the ring' by providing the Labour Court for dispute resolution and by outlawing certain working practices, introducing safely net-type legislation and occupational health and safety regulations. EU membership has had a profound impact on Irish industrial relations, imposing a wide range of employment law in the past 30 years. The trend in more recent years has been for the government to provide more

individual employment rights or a basic floor of rights, some of those to transpose EU directives, resulting in a weakening of collectivism (D'Art *et al.* 2013). Teague (2009) argues that Irish industrial relations has shifted away from the notion of voluntarism as a central feature.

The creation of the Labour Court in 1946 and the general approach of Irish governments were ideologically underpinned by elements of Roman Catholic social teaching or a type of corporatism (Adshead and Millar 2003). In general there has been public policy support for the existence of trade unions and their role in society, although successive governments have stopped short of legislating for statutory trade union recognition and collective bargaining rights. The Labour Court's main role is to adjudicate on industrial disputes as an independent body consisting of representatives of employers and workers participating on an equal basis. It consists of nine full-time, members, a chair, two deputy chairs and six ordinary members, three of whom are employers' members and three workers' members. It is not a court of law. It operates as an industrial relations tribunal, hearing both sides in trade disputes and then issuing Recommendations setting out its opinion on the dispute and the terms on which it should be settled. These Recommendations are not binding on the parties concerned, who are expected to give serious consideration to the Court's Recommendation (DEJI 2012). Three other important state bodies in the industrial relations dispute resolution and compliance fields were put in place at different points over the years; the Labour Relations Commission, the National Employment Rights Authority and the Employment Appeals Tribunal.

Ireland has one peak-level trade union body the Irish Congress of Trade Unions (ICTU), which has 55 affiliated unions and a combined membership of over 800,000 and describes itself as 'the largest civil society organisation in the country' (ICTU 2014). The main employers' organisation is the Irish Business and Employers' Confederation (IBEC) which has around 7,500 employer members in small and large enterprises, which represent 70 per cent of Irish private sector employment (IBEC 2014).

Ireland is often characterised as a 'late developer' in industrialisation terms as the country was largely unaffected by the industrial revolution (Tiernan and Morley 2013). From the late 1950s economic policies were pursued on two fronts: EU membership, which was achieved in 1973, and

the encouragement of multinational companies to set up operations and bring modern industry and employment into Ireland. A large measure of Ireland's economic progress in the 1990s and early twenty-first century stems from its success in attracting inward foreign direct investment (FDI) from multinational companies. As a consequence, Ireland is one of the world's most FDI-dependent economies (Gunnigle *et al.* 2007) and support for this transcends political beliefs and has become something of a 'sacred cow' politically.

The Irish manufacturing sector employs over 200,000 people directly with a similar number indirectly in approximately 12,790 enterprises; 95 per cent of these enterprises employ fewer than 50 people (CSO 2010). The FDI sector employs over 91,000 people directly across 527 plants, including many leading firms in the chemical/pharmaceutical, ICT, optical, medical technologies and food sectors (Forfas 2012). Over 80 per cent of industrial production is from foreign-owned firms, while Irish firms contribute around 20 per cent of industrial production (CSO 2014).

The trajectory of Irish industrial relations moved significantly away from the UK voluntarist model from 1979 onwards (Gunnigle *et al.* 2002) towards more corporatist arrangements. The dominant feature of Irish industrial relations from 1987 until 2009 was the operation of seven peak-level 'National Social Partnership Agreements' starting with the Programme for National Recovery in 1987 and finishing with the Transitional Agreement in 2008. In essence, these agreements set wages through a series of nationally-negotiated pay deals every three years or so. The government, representatives of trade unions, employers' organisations, farming groups and in the latter stages, a non-governmental 'social pillar' (voluntary groups) came together to negotiate a national agreement which fixed wage increases and other payments (for example, tax and social welfare rates). The agreements also set a framework for a wide range of government policies, including: personal taxation measures; education; social housing initiatives; and national infrastructural developments. Social partnership pay agreements became national benchmarks to be followed voluntarily across the economy or sector at workplace level, with the exception of public service employment. Non-unionised employment tended to shadow national pay deals (Eurofound 2013). Employers could invoke an 'inability to pay' measure on the terms of the national pay deal and

disputes were referred to the Labour Court for adjudication; there were over 300 such referrals between 2004 and 2007 (Labour Court 2011).

There is no statutory legislation on the right to trade union recognition or right to bargain collectively in Ireland despite Article 40.6.1(iii) of the Constitution which guarantees: 'The right of citizens to form associations and unions'. Thus there is a constitutional right to join or form a trade union, but there is no legislation or legal method to compel an employer to deal with a trade union for purposes of collective bargaining. Trade unions in Ireland have been campaigning for some time for union recognition or right to bargain legislation. A partial attempt to deal with this issue was the Industrial Relations Acts 2001–2004, which introduced procedures that enabled trade unions to seek legally binding determinations on pay and terms and conditions of employment from the Labour Court in unionised and non-unionised employments. The airline Ryanair neutralised any potential union recognition right arising from this legislation with a successful legal challenge to the Irish Supreme Court in 2008 (Cullinane and Dobbins 2014). ICTU have maintained their campaign for union recognition laws and have taken some external measures; the making of a complaint in 2011 to the International Labour Organisation on the right to freedom of association in Ireland; and a formal complaint to the European Court of Human Rights in 2013 on the state's failure to uphold an effective right to collective bargaining, in breach of the European Convention on Human Rights (Hendy 2014).

In 1980 Irish trade union density stood at 61.8 per cent. By 1990 this figure had decreased to an estimated 55 per cent. In the private sector union density stands at around 28 per cent, or just over a quarter of the 1 million workers employed in the private sector, while density is over 80 per cent in the public sector. Collective bargaining coverage is estimated to be in the region of 44 per cent. There was rapid employment growth for most of the period 2001–2007, with union membership failing to keep pace in density terms. However, the most recent data indicate an increase in density from 31 per cent in 2007 to 34 per cent in 2009, alongside a decrease in absolute numbers of members from 565,000 to 535,000 (CSO 2012). ICTU contest the methodology used by the Irish Central Statistics Office in compiling union membership figures and suggest that union membership is higher than officially reported. Union membership in the broad economic sector as measured by NACE Rev. 2 indicates that the categories B–F under the general term 'industry',

which includes manufacturing, shows a decrease from 34 per cent of employees in the second quarter of 2002 to 24 per cent of employees in the second quarter of 2012.

There are a number of reasons for this drop in density. In part it derives from the decline of traditional, mass-manufacturing companies which were the trade unions' main base. Some unions suggest that the density drop results almost exclusively from their inability to build membership in the new growth sectors, such as ICT, telecommunications and financial services. The hostility to unions in the large FDI sector – in particular from US multinational companies – has been an important factor in creating the political and social legitimacy of union-free zones and has emboldened a new breed of Irish employers to follow suit (Turner and D'Art 2013).

The National Minimum Wage (NMW) Act 2000 came into effect on 1 April 2000 and introduced a national minimum wage in Ireland for the first time. Many low paid workers benefited from its introduction, particularly women, young people and part-time workers. The level of the national minimum wage is set by the Minister for Enterprise on the recommendation of the Labour Court, although previously the national minimum wage rate was the outcome of an agreement between employers groups and trade unions. The rate is 8.65 euros per hour (2014), which has not been reviewed since 2007.

Until the economic crisis and coupled with government austerity measures, workplace collective bargaining deals were in some cases protected by statutory bodies. For example, Joint Labour Committees were independent bodies that determine minimum rates of pay and conditions of work for workers in a number of low-wage sectors, such as catering, hotels, cleaning and retail groceries. Each Joint Labour Committee (JLC) is composed of representatives of workers and employers in the sector concerned and an independent chair. The pay and conditions agreed by the employer and employee representatives on the JLC became Registered Employment Agreements (REA) and were given force of law through Employment Regulation Orders, which are made by the Labour Court on the basis of proposals made to the Court by the JLC. In essence, the JLC agreements deal with pay and working conditions and are a form of de facto collective bargaining

The following sectors were covered by JLC up to July 2011: agricultural workers; catering (Dublin and Dun Laoghaire); catering (other); contract cleaning; hairdressing; hotels (other excluding Cork); retail, grocery, and allied trades; and the security industry

From 2014 the following sectors have been covered by revised JLC: contract cleaning; hairdressing; hotels; law clerks and the security industry. The agricultural workers Joint Labour Committee is to be retained in the future.

4. The economic crisis and subsequent labour market reform

Since 2008 the major economic crisis has had a profound impact in Ireland economically and politically. The country has suffered one of the worst fiscal impacts of all EU countries. Ireland is a small, open economy, heavily dependent on international trade and foreign direct investment, especially from US multinationals. From the mid-1990s, the Irish economy expanded at historically unprecedented rates, which spurred high levels of employment growth and job creation and unemployment dipped to around 4.4 per cent at the height of the country's economic boom. However, the worldwide impact of the financial crisis sparked by the property loan scandal in the United States in 2007 also hit the Irish economy and was exacerbated by domestic factors, including a failed banking system and the bursting of the property bubble.

4.1 Government responses

The Fianna Fail (Centre right party) / Green coalition government (defeated at election in early 2011) imposed a number of 'austerity' measures during 2009–2010 in an attempt to stem the crisis. The first casualty of the crisis was the consensus corporatist approach embodied in social partnership as the government pursued unilateral policies rather than negotiated ones (Regan 2012). In effect social partnership began to unravel in the talks on a new deal in 2008 and signalled the shift from national to enterprise-level collective bargaining.

In November 2010, mounting debt problems forced the Irish government to apply for a 90 billion euro bailout from the Troika. In addition, there were bilateral loans from Denmark, Sweden and the United Kingdom (EU 2014). The Troika 'Programme of Financial Support' for Ireland was implemented under a new Fine Gael (Christian Democrat party) / Labour coalition government elected in February 2011. From 2011 to 2013 Ireland had successfully completed a number of reviews under the Programme and formally exited the bailout in December 2013. There has been substantial restructuring and job losses since 2008, and unemployment rose rapidly to 14.5pc in December 2011 as a result of the crisis. The accumulated Irish government debt in 2012 was 66 billion euros and in the main these funds were utilised to recapitalise or buy the debts of Irish private sector banks. The national debt increased from 20 per cent of GDP in 2007 to 84 per cent of GDP in 2012, and the general government debt increased from 25 per cent of GDP in 2007 to 117 per cent of GDP in 2012 (Department of Finance 2014).

The recession involved massive adjustments in Ireland's labour market. At the peak of the economic crisis in 2012 unemployment increased to 15.2 per cent, with a total of 328,700 jobs lost (UNITE 2013). During the same time nominal hourly wages remained remarkably stable. The changes in employment are usually discussed in relation to two causes. One is the extent to which changes were due to a one-off adjustment (mainly to employment in the construction sector) as an unsustainable construction bubble collapsed. A second aspect is the extent to which jobs were lost due to the general impact of the recession (with the expectation being that these jobs will be recovered once the economy expands). A further (third) aspect, which has been somewhat neglected in the public discourse, is the extent to which changes in the labour market represent long-term underlying trends (sometimes referred to as 'secular' trends) (UNITE 2013).

The Irish government adopted a number of unilateral approaches, one of which was the decision to cut the national minimum wage as a financial emergency measure. The minimum wage had not been increased since 2007 but was cut by 1 euro per hour to 7.65 euros in February 2011. This measure formed part of the Fianna Fail/Green Party government's four-year economic recovery plan under the Troika financial support programme. There was a high-profile industrial dispute in early 2011 at the Davenport Hotel in Dublin over cuts to workers' pay following

the government decision to reduce the minimum wage by 1 euro per hour. The five minimum-wage workers involved in the dispute were represented by SIPTU and subsequently won their case at the Labour Court. The new Fine Gael/Labour government reversed the cut in the minimum wage and restored it to 8.65 euros from 1 July 2011.

In August 2012 the Industrial Relations (Amendment) Act 2012 was enacted in response to employers' attempts to move away from REA/JLC system of setting pay and conditions in certain sectors of the economy in favour of individualised agreements. The purpose of this Act was to make new provision for the making of EROs and for the functioning of Joint Labour Committees. This became necessary following the decision of the High Court in *John Grace Fried Chicken Limited and Ors v Catering Joint Labour Committee, Ireland and the Attorney General* [2011] 1 I.L.R.M 392, which held that the provisions of the Industrial Relations Act 1946 under which these orders were formally made, were invalid having regard to Article 15 of the Constitution. The 2012 Act extensively amended the provisions of the 1946 Act in relation to the existence and functioning of REAs. A further legal challenge to the REA/JLC system came in the *McGowan & ors v Labour Court Ireland & ors* [2013] IESC 21 and the *Unconstitutionality of Registered Employment Agreements* in the Irish Supreme Court. The Supreme Court ruled that REAs were unconstitutional. The government has pledged further legislation to put the REA/JLC system on a proper legal footing.

The changes to the REA/JLC system introduced by the 2012 Act included an inability-to-pay clause for employers. In January 2012, in the announcement of the 2011 fourth quarter review of the Troika programme, one of the changes agreed in the Memorandum of Understanding between the government and the Troika was that the legislation would be amended to allow employers who get temporary inability-to-pay exemptions of less than two years to seek extensions of those exemptions for up to two years. The main rationale put forward for these changes was that the REA/JLC system added to the cost of labour, though this is disputed (see Turner and O'Sullivan 2013). In the long term this has rendered the protected bargaining system almost non-existent and has increased the wider European trend of increasing derogations from industry-level agreements (Hendy 2014). In addition, based on a Supreme Court ruling delivered by Justice O'Donnell *McGowan & Ors v Labour Court Ireland & Ors* [2013] IESC 21 has meant that REA

decisions will be much more legal in nature than was ever intended under the voluntarist industrial relations architecture (for example, the proposal is that in future the Labour Court will determine wage rates and terms and conditions, based on public consultation rather than rely on recommendations from a JLC, as in the past). In effect, the previous arrangement of bargaining and negotiation in specified economic JLC sectors could be replaced with a form of legal arbitration. A national union official commenting on the potential shape of the new REA system stated: 'I'm advising trade unions in these (JLC) sectors not to enter into the new REA system. To do so would be the end of voluntary bargaining.'

Previous reforms have seen the growth of individual employment rights, contributing to an increasingly complex system of institutional arrangements that operate in a quasi-legalistic fashion in the adjudication of employment relations cases. In 2011, the Minister for Jobs, Enterprise and Innovation launched a reform of the current employment rights institutions as part of the Troika agreements. Under the plan, the existing five workplace relations bodies will be replaced by a new two-tier structure: a new Workplace Relations Commission and an expanded Labour Court. The Workplace Relations Commission will take on the functions of the Labour Relations Commission, the National Employment Rights Authority, the Equality Tribunal and the first instance functions of the Employment Appeals Tribunal (EAT). The Labour Court will become the single appeal body for all workplace relations appeals, including those currently heard by the EAT, which will effectively be abolished under the reforms. The new Commission is intended to improve the state's industrial relations institutions.

4.2 Trade union response to the crisis

Collective bargaining since 2008 has been severely weakened and constrained by the financial framework adopted by the Irish government in response to the Troika programme. The 'fiscal adjustment', as it has become known, has resulted in major cutbacks in public expenditure in a whole range of areas, including health care, social welfare and education. The 'fiscal adjustment' was criticised by ICTU mainly as an acceptance by the Irish government to stick rigidly to the Troika financial targets and timescale which plans to reduce the national debt at a very rapid pace. ICTU had proposed a longer time frame for the economic adjustment

and for protection of public services in their Social Solidarity Pact but it did not find any support from government (Begg 2010). ICTU held a series of national demonstrations at weekends to protest at the direction of government policies and held a one-day public sector strike.

In response to the demise of national social partnership ICTU and other trade unions have focused on forms of renewal and began discussions on future union amalgamations and the establishment of new institutional arrangements. ICTU (2011) issued a discussion document called 'Future Positive: Trade Unions and the Common Good' which is a series of proposals to revamp ICTU structures. The largest union SIPTU along with the shop workers' union MANDATE established new organising departments to increase union membership. ICTU helped create a trade union sponsored economic think tank called the Nevin Economic Research Institute to provide unions and the public with non-mainstream economic analysis.

A type of public sector national partnership emerged in the form of two agreements (Croke Park 2010–2014 and Haddington Road 2013–2016)¹ which have had the effect of introducing pay cuts, wide changes in terms and conditions of employment and voluntary redundancy programmes across the public sector. In the public service, pay was reduced under emergency financial measures by the government on a progressive scale of 5–15 per cent in December 2009 and net earnings were also hit by a pension levy from March 2009, also on a progressive scale of 5–10.5 per cent.

In the private sector there emerged a protocol between ICTU and IBEC for the 'Orderly Conduct of Industrial Relations and Local Bargaining in the Private Sector' in 2010, which was renewed in 2013 as a mechanism to underpin industrial peace. In the manufacturing sector SIPTU quietly launched an enterprise-level collective bargaining campaign in 2011 seeking modest pay rises of around 2 per cent, often rationalised in relation to German pay rises and patterns for European rescue plans (IRN 2013). In addition to the pay deals SIPTU decided to carry advertisements in their publications for goods produced in unionised factories under the banner 'Supporting Quality Invest in Our Futures' (Liberty 2013).

1. Third Agreement 2015 was called Landsdowne Road

4.3 Employer response to the crisis

In December 2010 IBEC formally withdrew from social partnership negotiations and collapsed the longstanding consensual arrangements. IBEC claimed that they did so due to the unprecedented scale of job losses in 2009, and the prospect of further losses in 2010 and 2011 and that there was a need to restore competitiveness for economic recovery outside of national partnership (EIRO 2010). The end of partnership afforded IBEC an opportunity to reconsider its activities and they instituted a strategic shift in orientation. The majority of its members operate in non-unionised environments and collective bargaining was no longer a main function of the organisation and thus industrial relations were not even mentioned in its briefing document announcing the new direction of the organisation, 'The Future is This Way' (Sheehan 2013).

Some private sector employers responded to the crisis by freezing basic pay/salaries at pre-crisis levels, while extra earnings have been cut. A significant minority have also cut basic pay levels, borne out by IBEC's Quarterly Business Sentiment Survey for 2009, showing 56 per cent of employers freezing pay and 25 per cent cutting pay in 2009. A smaller minority had moderate pay increases, mostly under a national wage agreement struck in late 2008 – which most employers did not implement and was eventually abandoned at the end of 2009. Overall, the sense is that employers adapted a range of HR bundles, although not in any systematic way, that achieved various outcomes such as employment stabilisation and forms of restructuring without withdrawing from engagement with unions (Teague and Roche 2014).

Cautious union pay claims emerged heralding a dynamic and evolving approach to collective bargaining, particularly in the manufacturing sector. In terms of collective bargaining in post-crisis Ireland, many traditional features remain evident and prevalent, albeit with a shift to localised levels and with more concessions on the part of unions (IRN 2013). Unions meanwhile also continue to push their claims through workplace-level negotiation and referral to state machinery as a bargaining move and tactic. However, the full extent and the degree to which unions have made excessive 'concessions' to employers remains uncertain, as does the scope of bargaining issues and the precise variability of bargaining character and depth across various industries and manufacturing firms and sub-sectors (for example, metals, pharmaceuticals, medical devices,

food and drinks, foreign multinationals, indigenous manufacturing, and among large and small firms).

5. National and sectoral evidence: the character and processes of collective bargaining and labour market reform since the crisis

In the following two sections the data collected in the research will be outlined and discussed. In Section 5 we outline the responses to the crisis by the government, employers and trade unions. In Section 6 the data collected in the five manufacturing case study companies will be presented and discussed.

5.1 Government responses

Initial government responses to the economic crisis included the unilateral imposition of pay cuts and new forms of taxation introduced as emergency measures, although subsequently agreements on pay, conditions and workplace changes were reached with public sector unions. Under the terms of the Troika bailout on 28 November 2010, the Irish government agreed to introduce a number of changes that would have a direct impact on the labour market. Some of the general points were spelled out in some detail in the terms of the 'Memorandum of financial and economic policies of 7 December 2010' (MOU 1) and were as follows:

To reduce long-term unemployment and to facilitate re-adjustment in the labour market, we will reform the benefits system and legislate to reform the national minimum wage. Specifically, changes will be introduced to create greater incentives to take up employment. (MOU 1: 7)

Under the terms of the various Memoranda of Understanding (MOU) that flowed from the Troika agreement the Irish government was to be subjected to quarterly monitoring and reporting of progress made to the Troika representatives. Four main areas were identified by the Troika and agreed by the Irish government to reform the labour market:

- (i) A reduction of the national minimum wage by 1 euro to 7.65 euros per hour.
- (ii) A review of the functioning of REAs. This involved the commission of a review of Joint Labour Committees to investigate labour market rigidities with regard to wage levels, which was known as the Duffy-Walsh Review (2011). The review concluded that the current system of REA and Joint Labour Committees should remain but be reformed to be more responsive to changing economic circumstances. Employers were subsequently given the right to claim ‘inability to pay’.
- (iii) Reform of all state labour relations bodies and the creation of a new combined body called the Workplace Relations Commission.
- (iv) The fourth element emerged in the latter part of the Troika monitoring process and comprised new legislation to reform the collective bargaining system, which formed part of the Programme for Government in 2011.

Troika-inspired labour market changes have not been opposed by either of the Irish governments in power since that time. Although the new government elected in 2011 reversed the changes to the national minimum wage, the other significant changes were deemed politically acceptable. There was a view that the REA/JLC wage setting system, which was in any event being challenged in the Irish courts by employers, was already regarded as needing reform and the crisis offered an opportunity to implement it:

It was well recognised for some years in the Department and beyond that the system of the REA/JLC was outdated and needed change. The successful court challenges, in particular the McGowan judgement which declared the REA/JLC system set up 1948 as unconstitutional, were not unexpected. The current economic circumstances and the tight reporting mechanisms of the Troika agreement meant we had to deal with them in an urgent manner and fashion a responsive modern system as a result. (Government official)

The legislative arrangements surrounding REA/JLC wage bargaining are uncertain and the government has promised to bring forward

legislation to address all legal issues and put the system on a proper legal footing. The government had previously brought forward legislation to advance the proposed Troika changes in the REA/JLC system but this was deemed invalid by the Supreme Court in 2013 (*McGowan & ors v the Labour Court Ireland & ors* [2013] IESC 21).

The social partner interviewees agreed that the merging of the state's industrial relations mechanisms – the Labour Relations Commission, National Employment Rights Authority, the Equality Tribunal and the Employment Appeals Tribunal – into the new Workplace Relations Commission was needed as these bodies had been created to address issues as they arose over the years and were addressed in an ad hoc manner without forming part of any long-term plan or agreement:

Over the years various governments had decided to address pressing issues of the day such as equality, a more robust regime of workplace inspection and so on and in actual fact they were bolting parts onto the IR system and in some cases without linkages. The new Workplace Relations Commission will bring some form of consistency of approach and hopefully be more efficient to use. (Government official)

The need for new state employment relations machinery as agreed with the Troika had apparently already been identified by Irish government officials. Perhaps, then, the manner of the public announcement of the publication of draft legislation for the new body was aimed at the Troika, as it stated:

Landmark reform will see five state workplace relations bodies merged into two – Minister Bruton ... secures government approval for legislation to reform workplace relations bodies, deliver 20% savings in staffing and 10% in budgets while providing improved services. Move forms part of reform programme which will see total number of Agencies under Department of Jobs reduced by 41 by end 2014. (DJEI 2014)

The proposed reform of the Irish system of collective bargaining, under a commitment of the Programme for Government in 2011 and subject to review by the Troika, includes a new proposed 'legal right to collective bargaining'. However, the legal right will, in practice, apply only to

workplaces that do not currently have collective bargaining. National-level respondents indicated that the legislation is 'almost finalised'. An impending issue is the definition of an 'accepted body' that can bargain on behalf of workers, which need not be a recognised trade union. A government official commented:

the crucial part of the reform will be the test of a genuinely independent excepted body.

5.2 Employer and union responses to social dialogue

The collapse of national-level corporatist bargaining (social partnership) has not meant the end of social dialogue in Ireland. There are two actions that indicate a continuing preference for social dialogue in the economic crisis. The National Implementation Body (NIB) was a high-level conflict prevention body that emerged from social partnership in response to the Irish Ferries dispute and has since ceased to exist. However, social dialogue re-emerged with an agreement in the private sector between ICTU and IBEC entitled the 'Orderly Conduct of Industrial Relations and Local Bargaining in the Private Sector' in 2010, renewed in 2013. In effect this is a mechanism to underpin industrial peace in the Irish economy and provide a channel of negotiation in times of industrial crisis. The purpose of the industrial peace agreements was to establish an informal dimension to the formal conflict resolution machinery of the state and a mechanism for the peak-level involvement of ICTU and IBEC to police against adversarialism or industrial disputes spilling out of control on the streets. Respondents often contextualised Irish reforms in relation to media images of more vocal and politicised protests around similar issues in Greece:

In the absence of partnership bodies or the NIB it was desirable that private sector protocols or industrial peace agreements were entered into. (Employer)

It was important to signal that we in Ireland can resolve differences ... to make clear to the Troika that, heaven forbid, social dialogue would prevent us looking like Greece. (Union official)

The second clear indication of a preference for some modified form of social dialogue was the manner in which public sector agreements were concluded and the message this sent to private sector employers concerning the value of dialogue. The government had already taken unilateral action to introduce the Financial Emergency Measures in the Public Interest Act 2009 (FEMPI) to reduce pay in the public sector and had threatened to do so again if public sector unions did not agree to reforms of terms and conditions and some modernisation measures. The public sector agreements involved long and detailed negotiations, with the Labour Relations Commission acting as facilitators. The outcomes of the negotiations were put out to ballot for agreement or rejection by union members. The initial Croke Park agreement was rejected by some unions, including the largest union SIPTU, and was renegotiated to take account of union members' concerns and subsequently agreed to in another ballot. By publicly conducting the painful business of pay cuts and obtaining reforms in work practices through collective bargaining, the Irish government highlighted to the wider economy that the state did not want to move away from social dialogue between government and trade unions. Indeed, the public sector agreements highlighted the utility of social dialogue as a means to resolve problems even in the midst of an economic crisis.

What has evolved since the crisis, according to respondents, is a complex and flexible web in which bargaining has undergone change and in some instances has remained relatively robust. This degree of continuity and change may be explained by the tendency in a small country such as Ireland for social partners to rely on an informal network of social dialogue, even when formal structures collapse, as they did in 2009. The two very public instances given above, in the private sector industrial peace protocols and the intense, very public negotiations with public sector trade unions, both sent a clear signal to the wider society and to private sector employers that the government still supported the current incarnation of voluntarism and the process of social dialogue. A return to social partnership institutions does not seem inevitable or even a desirable intention of the main political parties at present, even though several union respondents advocated the utility of national social dialogue in some form. Some employer groups, notably IBEC, were more sympathetic to a non-union HRM style – shaped perhaps more by their attachments to foreign multinationals – than to collective bargaining with unions:

Since the onset of the economic crisis there is no collective bargaining as I see it – it just doesn't happen anymore. Social partnership is gone and the need to have collective bargaining went with it. Employers through the recession have exercised their right to pay wages and salaries how they see fit – there is no longer a role for unions in the system. (Employer)

A final development to the range of issues subject to negotiation has been that of workers' pensions. Pre-dating the crisis unions expressed concern that many occupational company pension schemes were underfunded. The result has been the inclusion of pensions as a distinct and more common collective bargaining issue. A related issue since the crisis, commented on by national union officials and confirmed by a government spokesperson, is that retired workers have no bargaining rights over changes because they are retired (for example, no longer legally defined as a worker). A government spokesperson commented:

the difficulty for retired workers is there is no legal protection or any avenue for them to bargain when changes are proposed to their occupational pension.

5.3 The durability of collective bargaining and social dialogue amidst the crisis

The largest trade union in Ireland and the main one in manufacturing, SIPTU, decided in 2010 that pay gains rather than continued concessions were needed to support union legitimacy and to show a role for union bargaining. Irish national social partnership ended in 2009 and the last agreement was called 'Towards 2016: Ten-Year Framework Social Partnership Agreement 2006–2015' (often referred to as 'T16').

Contained within that agreement were pay awards and a review timescale in which to agree new pay deals, referred to as transitional agreements. This was an unusual national partnership agreement, which attempted to span a ten-year period while previous agreements had covered shorter timescales from 18 months to three years. Therefore, when partnership ended many companies had agreed to abide by the pay terms of T16 and individual company agreements varied regarding implementation dates. Thus it was not unusual from 2010 onwards for companies to be

completing elements of T16, or others to have opted out on the grounds of 'inability to pay' and for there to be no agreements in place on pay generally in some manufacturing companies.

The decision to develop a pay rise strategy against a background of severe economic crisis affecting the entire country was taken by SIPTU after much careful consideration and development:

What we did not want was a hue and cry from a very hostile media that the unions are back seeking pay rises and are attempting to bankrupt what is left of the country for their own selfish interests. The job of unions is to get benefits for our members through collective bargaining. So we had to very quietly start collective bargaining in our members' best interests with selected employers who we knew were profitable and could pay. (Union official)

The main element of the strategy was to agree a wage rise figure that was in line with economic developments in Germany and the ECB forecasts, which appeared to be moderate and likely to be obtained from employers. The agreed pay rise figure became known as the '2 per cent strategy'. There were three other key elements to the '2 per cent strategy'. One was that there would be no public announcements about the strategy and it would be pursued quietly and under the radar of the media. Second, localised bargaining directly between the company and union was to be conducted without any outside third parties, in particular to keep the employer bodies (for example, IBEC), managerial-type consultancies and the LRC away from the negotiating table, at least initially. A third key feature was a slow and carefully crafted campaign of incremental and modest pay increases across manufacturing. The strategy targeted leading exemplar firms who were known to be still doing well amidst the recession and had the ability to agree a pay rise, mainly unionised multinationals. Subsequently to roll out the precedent of a deal secured in one firm to the next, targeting different companies in selected sub-sectors of manufacturing. One of the national union respondents explained:

This union had been engaged very deeply with many manufacturing employers from the start of the crisis to save companies and jobs and at times agree very unpalatable changes in our members' terms and conditions. We had seen long established well-run companies wiped

out by the downturn from 2008 on. Many firms that supplied the construction sector closed. It was crucial that the union got back to bargaining to make gains from those employers who could pay and move beyond the pay freezes that set in after the end of T16. (Union official)

SIPTU has, for its own organisational reasons, categorised manufacturing in Ireland in three sectors: (i) pharmaceuticals, chemicals and medical devices; (ii) agriculture, ingredients, food and drink; and (iii) electronics, engineering and industrial production. The strong economic position of the pharma and medical devices industries and their large unionised workforces made it SIPTU's first target for the '2 per cent strategy'. In 2010 SIPTU achieved five or six deals in key companies that were seen as crucial to the union and its efforts at restarting collective bargaining.

The five or six deals from the 2 per cent strategy in 2010 were highly significant wins for the union. Localised collective bargaining was back, making gains and proving to be effective for our members. It also was a point to prove to the outside world that unions could still obtain the union premium rate in wages. (Union official)

Typically, the deals obtained by SIPTU under the '2 per cent strategy' were subsequently negotiated by the TEEU and applied to their members in the same companies. Many of the agreements were multi-year, ranging from 19 months in 2010 and rising to two and a half years by 2014. The average pay increase obtained was 2 per cent, while some agreed 1.9 per cent or 2.2 per cent from 2010 to 2014. In other words, the 2 per cent was a median figure around which negotiations commenced. The pace in the manufacturing sector quickened with SIPTU achieving 35 such pay agreements in 2011 and 75 in 2013, some of which union officials describe as '2% second rounders'. In total, SIPTU estimated that the '2 per cent' campaign resulted in over 220 collective agreements between 2010 and 2014, covering upwards of 50,000 workers.

Do we feel that the '2% Strategy' was the right one – yes, we do. When we decided on this way of getting back into collective bargaining as a means to get gains in 2010 the whole atmosphere was poisonous towards unions. Would I say that 2% was a cautious and moderate strategy – yes I would! It has been successful for the union and restates our role as a player in the economy again. (Union official)

One aspect of the ‘2 per cent strategy’ has been the return of localised collective bargaining for the first time in over 25 years in Ireland. Some concerns were expressed by unions and employers that the skills to successfully conduct local agreements were absent at local level, given the previous dependence on national corporatist negotiations through (former) social pacts.

It became the norm for so many years to speak to the employers which mostly were not real negotiations about the national deal. In reality most companies paid up but quibbled about linkages to change in a not very serious manner. So for me the 2% strategy was a new ball game of putting out feelers to employers, checking their temperament as a form of preamble so that when we started pay talks negotiations would begin and we were not met with a flat no way. (Union official)

Employers were equally unsure about local bargaining and tended to approach the matter of renewed pay increases with extreme caution. Previously under the partnership agreements, while there was flexibility on implementation in practice, most employers followed the broad terms of the agreements.

I had heard nothing even on the grapevine about the SIPTU 2% strategy until the local full-time union officer asked to meet me to talk about our shared future, as he put it. The initial discussion between us was frank and open. As a company we knew we could award a pay rise and we could see our employees needed it as they were hurting under the strain of new taxes and complete economic bad news everywhere was just depressing. During partnership people got pay rises for nothing, as a company we wanted some structural changes in exchange for pay – something for something. There was straight dealing with the union guys and we bought into the ‘2% strategy’ with targeted changes to be met and concluded a 2 year agreement. (Employer representative)

By 2014 it was clear that SIPTU’s ‘2 per cent strategy’, first rolled out in 2010, was having a significant impact in achieving pay rises for workers in the manufacturing sector, with over 220 such agreements concluded in this period. For the trade unions the return to localised collective

bargaining was a strategic decision taken in the absence of national partnership or other forms of national social dialogue. One union officer, while extolling the successes of the '2 per cent strategy' said:

The manufacturing division in SIPTU has achieved the return of pay rises and the norm of company-level discussions on pay deals, not just cuts. While in itself this is a welcome union success story there are many issues that urgently needed sorting out, such as workplace pensions, the nature and scope of collective bargaining, and others, but this stuff can only be agreed at national level social dialogue with government. The return of social partnership may [not be imminent] but perhaps a new social dialogue forum can be created. (Union official)

Collective bargaining in manufacturing firms has been described as a positive development for workers, obtained as a result of what might be regarded as a 'moderate' or 'pragmatic' approach encapsulated in the '2 per cent strategy' adopted by the SIPTU, and subsequently by TEEU and UNITE trade unions. They have found some success with employers by strictly following this strategy, which has also caused some ill-feeling in at least one of our case study companies. In the latter case the local union were about to conclude a three-year pay deal that amounted to 9 per cent increases, but when the employer learned of the '2 per cent strategy' (publically announced in the media by this time on the back of several successes by the union president), they refused to pay more than 6 per cent over three years.

Two other interesting or novel features emerged from the research regarding the nature of relationships between employers and unions forged by their responses to the crisis and their willingness to cooperate. The first feature was SIPTU's undertaking to assist in promoting the sale of goods and services produced by unionised manufacturing companies. Their 'Supporting Quality Campaign' extolled the virtues to consumers of protecting quality Irish jobs through purchasing quality goods made by fellow workers in Ireland as a way to sustain employment. The union carries a full-page advertisement for the supporting quality campaign in each edition of its monthly paper *Liberty* and on its website. One union officer commented on the logic of supporting this campaign:

Asking workers to spend their hard earned cash on goods they are likely to need and buy anyway allows people to support in a tangible way other union members' jobs, makes sense co-operatively speaking and allows the union to show it supports unionised companies.

The second interesting or novel feature, which signals new extensions to the range of bargaining issues despite crisis and reform, is the role of SIPTU's training division. A new 'IDEAS Institute' was formed within SIPTU to support training initiatives concerning 'change management, innovation and restructuring', which assisted local managers as well as shop stewards. The concept underpins the notion of 'bargaining for skills' and involves the union engaging directly with managers about how to deal and consult with workers and other managers about future changes in production processes, lean production management techniques or achieving higher levels of efficiency through an agreed mechanism of workplace innovation. Over 20 companies had participated by 2014 in the process, which has involved a scoping and detailed planning exercise concerning the type and nature of changes that need to be achieved in companies, conducted by SIPTU's IDEAS Institute. In practice, the workplace changes and innovations that have occurred in workplaces due to their involvement with the 'IDEAS Institute' have involved the agreed adoption of new work practices, processes or technology and the training of managers and employees.

6. Case study evidence: patterns of change and reform at workplace level in manufacturing

In this section we outline the evidence from case studies involving five manufacturing companies in Ireland. The five cases are representative of three manufacturing sub-sectors, namely metals, food and drink, and pharma and medical devices. There is added variability in the selection of the cases as two of them had experienced no discernible impact from the crisis, while the other three were significantly affected and major restructuring took place. However, all the evidence from the cases indicates that collective bargaining through localised social dialogue was a crucial factor in reaching agreed sustainable solutions to their economic difficulties.

6.1 MetalColrl

This metals firm has had a factory in Galway for over 35 years with a local reputation as a good and steady employer. The two main products are trucks and trailer refrigeration units. There has been collective bargaining in the company from the very beginning, mostly via UNITE, and the TEEU represents a small group of maintenance staff. Among the production staff UNITE has 80–90 per cent density and the equivalent of a full-time union officer; two employees are given five and three hours, respectively, each day and also have a union office and other facilities on site. Three respondents were interviewed (shop steward x1, HR manager x1, full-time UNITE official x1).

The company was severely hit in the early stages of the economic crisis in 2007/2008, when orders were cancelled or put on hold. A range of stabilisation measures were taken to secure the future of the plant which was under threat of closure from their corporate US head office. Those measures included: voluntary redundancies, closing down shifts to move to a single day shift, introduction of three-day working which lasted 15–18 months (depending on job function), closure of defined benefit pension scheme to new entrants, lay-offs of permanent employees and ending the employment of all temporary or contract workers. All changes made in the plant in direct response to the crisis in the early stages were by negotiation with unions and agreed by workforce votes. One manager commented:

This plant was under very serious threat of closure and the lads [union], much to many managers' surprise, recognised this fact early on and played a very pro-active role with the local management team to get our plant in shape to meet the major financial challenges that Corporate wanted to see done. (HR manager)

The need for a response to the crisis was obvious to the workforce:

We saw for ourselves on the shop floor that we had moved in the space of 2 months from completing an average of 70–85 orders each day to completing 18–20 [and] that the factory was in serious trouble like never before. (Employee)

The UNITE union committee in *MetalCoIrl* convened many special meetings to develop strategies to deal with all eventualities, from workforce reductions to plant closure. A union officer commented:

There was no doubt in all our minds that the plant was under serious threat of closure and the important aspect from the union's point of view was to be ready and get involved at all times and be willing to make suggestions and ideas to management.

Initially, the management of the plant wanted to soften the impact of the crisis and move to a four-day working week as an interim measure. The union believed that such a move by the company would be overtaken by unfolding wider economic events and requested that the company consider a three-day working week instead. As a union officer explained:

The atmosphere in the plant and more widely in the city and country was deeply pessimistic and the last thing we wanted to be doing was making matters worse for workers by being involved in an escalating series of cuts and more cuts to pay.

The union had commenced talks with the local Department of Social Protection regarding any statutory payments their members might be entitled to from a four- or three-day working week and to make arrangements for the 'signing on' of the workforce. During the discussions the union learned that the structure of the unemployment benefit scheme in Ireland was notionally calculated on a week by week basis and that the 'unemployed week' commenced on a Wednesday. In discussions with *MetalCoIrl* the union therefore proposed working a three-day week (Tuesday, Wednesday and Thursday) to fulfil all orders existing on the books and that increases in orders would be dealt with by way of bringing employees back on a full working week basis on an agreed rotation of workers. This was agreed and implemented and formed the framework in which *MetalCoIrl* began to work their way through the crisis in an agreed manner. The union contended that the three-day working week met all management's demands and protected the wages of employees to the largest extent possible in the circumstances.

I worked a three-day week for over 14 months but the method of calculating the 'dole' meant that I lost on average 25 euros per week on short-time. At the same time, the plant managers got all their

orders done on time and agreed with us to introduce some in-house training in this time. (Union officer)

Reductions in employee numbers were made across the board. The HR department was reduced from 12 to three staff members and changes were also made to plant facilities and work practices. Management and union representatives differ in their respective views on these workplace changes; the union believes the crisis brought about no new changes other than those already under discussion. However, the HR manager said:

We believe that the place is in better shape after the crisis as the last few years were used to 'lean things out' and get rid of some old working practices and we have a lean headcount. (HR manager)

The management had a long-term plan given to us some time ago to create three new value streams and group some work station/ functions together which in principle we never disagreed with. The main concerns are to protect seniority of workers in different areas and agree a process that allows for change and offers no diminishing of rights previously obtained. (Union officer)

By 2014 the plant was back to full capacity with over 640 employed on site; over 450 were directly working on the manufacturing side and the others in administration, marketing and European positions. The production area has had to expand into the office block (HR offices) and they are recruiting new staff for permanent posts and have a temporary evening shift running to deal with a spike in orders. Since 2010 pay has increased each year by 2 per cent and the current pay deal ends in March 2016. A new product and an R&D project were due to locate to the plant sometime in late 2014 or 2015. The structural changes have had a positive effect regarding the attitude of their corporate head office to the Galway plant:

Recently corporate leaders visiting the plant told everyone that the flexibilities shown by the workers to negotiate changes [indicated] a very clear desire to protect their jobs and get us through the bad times[; this has been] recognised by Corporate through new long-term investment in products and facilities; unfortunately this realistic view taken in Galway was not evident elsewhere and [those who refused to adapt have ceased to exist]. (HR manager)

UNITE and the company can be said to enjoy a good working relationship, but it has also been adversarial with nine individual cases referred to the state's industrial relations bodies in recent times. The union noted that some of the cases taken to the state industrial relations bodies were not sanctioned by the union plant committee, which disagreed with their members; they were made on an 'individual' basis, although the union did provide representation in each case. Management at the plant state that they have a good working relationship with trade unions and have seen the value of collective bargaining in bedding down agreements, which helped the company survive the crisis, noting that other *MetalCo* plants had been closed altogether. Social dialogue at the local level in this plant is credited with saving the plant and jobs but as the HR manager comments it is not always conducted without tension:

Working with the unions is challenging and is the way things are done around here and today they [unions] are flexing their muscles again as they see good times ahead. As a management team we have seen real and significant changes happen and we intend to hold our costs and continue to get efficiencies from the workforce.

6.2 FoodCoIrl

FoodCoIrl in Dublin is in the food and drink sector of manufacturing and is part of a well-known UK multinational. The plant manufactures a drink liqueur which was introduced to world markets just over 30 years ago and is considered by some as a truly innovative Irish food product. Ever since the liqueur was launched in 1974, it has experienced growth, although this growth slowed in 2008 due to the economic downturn and consumer sentiment regarding a 'luxury' product. By early 2013, however, *FoodCoIrl* was back in growth. There are two plants in the world making the product, one in Northern Ireland, which opened in 2003 to manufacture the generic product, and the other in Dublin which now manufactures the blended 'niche' versions. It had also until recently produced another drink spirit which is now produced in Scotland. Just over 200 people work at the Dublin plant, which has been unionised from the beginning, with SIPTU the largest union. SIPTU re-organised its internal structures and all their members in the Dublin plant are represented by one FTO instead of three, as in the past, which has unified collective bargaining processes. The craft union TEEU represent a small number

of maintenance staff. Five respondents were interviewed (shop steward x2, HR manager x1, production manager x1, full-time SIPTU official x1).

Two main challenges for the Dublin plant emerged from the interviews: to survive the economic crisis and to continue to deal with internal competition from the modern, comparatively 'lean costing' plant in Northern Ireland. The HR manager has been at this plant for seven years, the two shop stewards were highly experienced and have 22 and 14 years' service, respectively, with the company; the FTO has been dealing with the company for six years. Therefore, all the interviewees have direct experience of the impact of the economic crisis on the company and how they dealt with the situation, which saw volumes drop by nearly 25 per cent in the first instance, the first such fall since the product was launched in 1974.

There was a three-pronged approach to dealing with the crisis. In order to manage the downturn in sales it was agreed with the unions to move to a three-day working week, some temporary lay-offs and a pay freeze. The second phase involved delayering of management positions, the 'encouragement' of voluntary redundancies among the long-term staff and not filling vacancies. One union officer felt that the working relationship with management was very important with regard to how the company reacted to a severe downturn in orders:

There is a level of trust between the company and the union that has been built up over years and that is why the union committee were able to ensure that there was no enforced or unilateral action by management in the early stages of the crisis.

One of the shop stewards recognised the need for the union to adopt a reasonable and positive attitude to the sudden downturn and said:

Essentially we had our backs to the wall in 2009 and it seemed that not just us in this plant but Ireland was on the brink of closure. The company came looking for savings and short-time working which made sense if we had no orders but our job was to save jobs and attempt to protect terms and conditions, which we did do.

In late 2010 corporate head office set them the task of achieving 5 million euros in operating savings and bringing down the 'cost of a case'

of the liqueur. The latter became the third phase of dealing with the crisis, which involved a major restructuring project of 'line and product' changes that took 18 months of negotiations to be agreed upon and used the services of the Labour Relations Commission. The company did not use IBEC or any consultants in their negotiations. For the union the need to avoid outside management interference in the process was essential:

We deliberately wanted to engage management within the plant to totally focus them on this place and solve cost and production issues in-house and not involve IBEC or any other management consultant types who might bring another agenda to the table that we did not need. (Union officer)

There were interesting and contrasting reactions from the workers and the HR manager regarding the lengthy negotiations.

Some other managers in the group kept asking why was the negotiations taking so long and I explained that we went through everything line by line and in the end that period of time allowed us to be more considered and look at things in the round and as a result we dropped some matters off the agenda. (HR manager)

The union shop stewards felt that the major restructuring was so important that the approach needed to be very deliberative in nature. One steward said:

We know that the big restructuring took 18 months to conclude and that seems like a long time. We want to test every single management proposal and cost it and see if there was anything we could do to maintain jobs but achieve the same savings. In fact the longer the talks went on, some of the more extreme management ideas fell off the agenda under prolonged scrutiny. Also we felt ... the need to slow down management haste as they were spooked by all the bad news in the Irish economy and by the end of the talks orders were starting to roll in again – so taking one's time makes for a better deal.

The agreement resulted in the restructuring of employee functions on production lines and a reduction of 40 staff; the withdrawal of canteen subsidies; buy-out of some premium pay rates; the closure of the defined benefit pension scheme and the establishment of a new defined

contribution pension scheme; new pay scales for new employees; a pay increase to run up to 2017; and all redundancies were to be voluntary. It was also agreed to continue using long-term seasonal staff to deal with spikes in production. The three union representatives and management all believed that the future of *FoodCoIrl* in Dublin was at stake, although they felt that the parent group would retain the plant in some form. All respondents spoke of the critical importance of saving jobs and of keeping the plant economically viable through an agreed sustainable deal. The HR manager was very positive about the contribution of collective bargaining to the survival of the plant:

If you ask me could we have survived the economic downturn, persuaded head office to keep us open and get such a big cost saving and production restructuring deal without the unions – no way! ... collective bargaining can be tough for some managers and some don't get it, but there is trust between me and the union guys and deals stick and problems are sorted out – it works for us.

The deal reached essentially ended many fringe benefits that the unions had built up over the years through bargaining. One union officer commented:

There are no doubts the members and union representatives feel that this deal has taken back a lot gains made in terms and conditions over the years. The point was to protect the long-term viability of the plant and union jobs and we achieved that and we have moved on and done a deal on pay increases to get back some lost cash through the '2 per cent strategy'

6.3 PharmaCoIrl

PharmaCoIrl operates in the pharmaceutical sector at a long-established manufacturing site bought from another large pharmaceutical company in 2008. The plant produces developed medicines, some well-known brands, in tablet form, packages and distributes them throughout Europe, the Middle East and Asia. The main challenge facing this plant was the 'patent cliff', which saw many well-known drugs coming off patent and affecting sales and production levels in the wider company. Some of the production from this plant has been moved elsewhere

in the group, resulting in closure of some work areas and some voluntary redundancies. The workforce of 650 in 2008 was reduced to approximately 350 in 2014 after a series of negotiations with the unions. This plant has been unionised from the beginning over 40 years ago, with SIPTU representing most of the staff, claiming 90 per cent density in their grades. TEEU represents craft workers in the maintenance section. At least one other plant in the group in Ireland is non-union. Four respondents were interviewed (shop steward x1, HR managers x2, full-time SIPTU official x1).

Collective bargaining is well established and very few issues ever get referred to third parties. The union convenor has worked in the plant for 15 years and has been a shop steward for the past six years. The FTO with responsibility for the plant visits when needed, otherwise once or twice a year. A union representative remarked that the new owners were making changes, but only by negotiation with the unions, and said:

There have been big changes in this factory since I started 15 years ago and through collective bargaining and a good union committee we have managed to maintain good jobs here with above average pay in social partnership times.

The backdrop of the recession and the industry pay norm of 2 per cent were reflected in the collective bargaining in the plant and marked a changed approach by the management, who agreed a pay rise but demanded changes in work practices in return. The union representative described the new approach and how they dealt with it in the collective bargaining process:

In the last pay deal the company gave 2 per cent and added a clause for 'on-going change' at the last minute. We signed off on that and spent the next 6 months getting them to define 'on-going' as we had agreed changes that were planned and many were implemented and were generally agreed to have worked to meet their problems. So there is a changed atmosphere at the moment; nothing will be given to the union easily.

The ability of the union to face up to the changed circumstances was well regarded by the HR manager and seemed to demonstrate a positive attitude to localised social dialogue:

We deal well with the unions and can solve all problems we face by building on the relationships we have made with each other over the years. One thing the unions have shown us is that they are not afraid to engage with proposals on changes on lean production ideas or find ways to save on costs.

The senior HR manager had worked at the plant for over five years and was moving to a new plant at the time of the fieldwork. There had been four or five different plant managers over the previous eight years, with individual management styles varying in how they approached HR and union matters. As such the recession has not been an issue for this plant but the re-organisation by the parent company and dealing with the product end of life due to the 'patent cliff' have been the main issues. In fact this appears to be the case for most of the pharmaceutical sector in Ireland.

Nonetheless, the recession was a backdrop in all the discussions on changes and the voluntary redundancies but workers leaving had fewer options to get work elsewhere, which meant that many of those who did leave had very long service, some of over thirty years or more. The relationship between the union and the HR manager was reported by HR to be a good and straightforward one. Nonetheless a union officer did emphasise that there was a good working relationship, although that did not mean that there were no competitive or adversarial aspects in the manner of their collective bargaining processes:

To be honest you ask me is there trust between the management and the union. The truth is we are both actors in the IR process, they have an agenda and we have an agenda and we agree to work together and stick to deals made. Do I feel that if management can get one over us that they won't – no way! That's how much I trust them.

6.4 MedCoIrl

MedCoIrl manufactures contact lenses and other eye care products and has had a plant in Ireland for over 30 years. The company was the subject of two buy-outs by venture capital funds in 2007 and 2013. In May 2014 the venture capital fund management announced a unilateral restructuring plan that had to be accepted by the workers in a very short space of time, less than three weeks. The main aim of the plan was to

achieve savings of 20 million euros in running costs via 200 redundancies and a 20 per cent cut in pay. Five respondents were interviewed (shop steward x2, HR manager x1, full-time SIPTU officials x2).

Over 1,100 people are employed at the plant, with SIPTU representing the vast majority of the workforce and TEEU representing around 100 in craft grades. Therefore collective bargaining has been a feature of life through the existence of the plant.

Local management and the unions had routine rows that could last for months at a time and then there were trips to the Labour Court. When a deal was struck or recommendations given (Labour Court or Labour Relations Commission) the local management, to their credit, never back-tracked. Often we felt that the local managers wanted us to go to the court so they could show head office that a state body thought we were right and they had to give us our demand. (Union representative)

The stark reality faced by the employees at this plant was a clear decision by the venture capital fund to close the factory unless significant pay cuts and reductions in other costs were accepted in a very short space of time. This was met with extremely hostile local political and press reaction as the closure of this plant would have had major economic and social consequences for the wider region. Considerable public and political pressure was thus applied to the venture capital company to engage in a meaningful manner with trade unions. The venture capital corporate team arrived with an Irish industrial relations consultant/expert to negotiate on their behalf and a public relations team, all separate from the local plant management.

The main union SIPTU felt that the ultimatum to accept the pay cuts and redundancies was very real:

Some of the workforce thought the threat to close was a bluff. We knew from the initial intent shown and the past track record of the corporate management representatives and the manner in which they delivered a brutal message very directly in a ruthless fashion meant the survival of the factory was at stake. Also the local management team were totally side-lined in this process and this added to our deep concerns. (Union representative)

The workers at this plant felt deeply betrayed by the actions of the venture capital fund, describing as 'brutal' the 'take it or leave it' manner of informing the workforce of their demands. Shop stewards were alerted that the company was going to meet with them on the morning of the announcement and then hold a general meeting of employees. In fact, shop stewards discovered that the local and national media had been briefed that the plant 'may close' and were outside the factory gathering news. Once the union stewards alerted the plant management to the media outside they were then called into a meeting and given the venture capital fund company press release. Local management were not in a position to provide answers as many of them had only learned of the statement at the same time. A management representative of the venture capital fund addressed four general meetings of employees from various shifts that day in the canteen, reading a prepared statement, and then immediately walked off the platform and did not allow any comments or questions from the workforce.

The interviews reported on here were with management and the union shop stewards in the aftermath of an agreement to keep the plant open in return for significant cost reductions in the operations. Employees at the plant agreed overwhelmingly to accept an 18.5 million euro cost-cutting deal, a small improvement on the 20 million euros originally demanded, which includes: a 7.5 per cent reduction in basic pay, elimination of some bonuses, one hour added to the working week, a reduced sick pay scheme, removal of subsidies to canteen facilities and an improved redundancy package for the 200 workers being made redundant. Agreement was reached after intense discussions between the company and the unions, initially at the plant, but later at a discreet location in Dublin to allow the talks to take place away from the glare of publicity. Part of the agreement was for the venture capital fund to commit some investment capital to the plant to sustain its future prospects.

The start of the talks between the unions and the company at a local hotel became a media circus and every word leaked or overheard became headline news. This started to cause great concern that proper negotiations would not start on both sides.

We had no choice but to move to a secret location to engage in talks away from the city and allow an atmosphere to develop of teasing out problems and finding solutions. (Management representative)

The negotiations were intense and facilitated by the LRC; they lasted three days and nights. SIPTU deployed forensic accountants to examine all expenditure line by line. The union insisted that the company's owners justify the cost reductions line by line. The negotiation process demonstrated a willingness to have social dialogue and reach an agreement. It was not apparent at the time of the company's initial ultimatum that there would be room for manoeuvre or room to facilitate an agreement. One union representative commented that the union attitude and approach seemed to impress the owners and make the talks serious and meaningful and said the following:

The serious or 'mature manner' [as the management put it to them] in which SIPTU approached the talks convinced 'venture capital' that they wanted to save the plant from closure. Our main aim was to save jobs, core pay and get a deal that could work. We kept members informed every step of the way through the union Facebook page. The deal that was made was a hard one to bring back to the plant as we had to surrender many of the extras built up in good times. It was a success for our union and proves the point that we are for jobs not just up for a scrap. (Union representative)

Local managers described the venture capital fund company's ultimatum as 'coming from left field'; they were unaware of the actual contents of the cost savings demands until the day of the announcement. One outcome of the agreement reached was that local managers were given an annual budget to run the plant, making them wholly responsible for day-to-day activities, when previously they had required head office approval for even minor expenditure. The HR manager felt the plant budget gave local management more control over the workings of the plant, if not its destiny. Managers at the plant firmly believed that the factory would have closed if there had not been union collective bargaining. The HR manager said:

There is no doubt that the manner in which the unions conducted themselves in the negotiations was very important in convincing our parent group that they wanted the plant open, were reasonable and would work the deal struck. ... Could the company have survived without collective bargaining? No, is the short answer and there are other closed plants elsewhere in the group in recent years to prove that point.

6.5 MedivCoIrl

MedivCoIrl is an American-owned multinational, founded in 1949. The company developed the first ever battery-powered external pacemaker and is today known for cardiovascular and cardiac rhythm medical devices used to extend life through hospital treatments and operations worldwide. Globally, *MedivCoIrl* employ about 40,000, of whom 2,400 workers are located at the Irish plant. Of these about 1,400 are hourly-paid workers, 80 per cent are members of SIPTU, which has a closed shop agreement for collective bargaining. The other 20 per cent of hourly paid operatives are agency staff supplied by an outside contractor firm in recent years. These workers are not unionised (or at least *MedivCoIrl* do not recognise them if they are) as agency workers are not part of the closed shop agreement. The remaining 1,000 employees are white-collar, professional and technical staff that are traditionally non-union. Three respondents were interviewed (shop steward x1, HR manager x1, full-time SIPTU official x1).

The crisis and reforms have had minimal direct impact at *MedivCoIrl*, although some restructuring has been in evidence and bargaining processes and issues subject to negotiation have undergone change. Collective bargaining in the plant is best described as vacillating process that is both 'adversarial' and 'cooperative' between management and SIPTU. There is a history of referral of issues to state agencies (for example, Labour Court, Labour Relations Commission) for mediation and conciliation. In reality, these were bargaining tactics either by the union or management, seeking external verification of positions, and local negotiation would resume to finalise details post-LRC or Labour Court recommendation on a given issue (for example, pay, working time, flexibility, short-term contracts). Both the HR manager and the SIPTU convenor spoke favourably of the role of government agencies in helping to persuade their respective constituencies of their bargaining positions.

If a deal is about to go down, what do you do next? Getting that sort of external option can help persuade the workforce of the need to get to a negotiated recommendation at the end of the day. (HR manager)

There have been several changes in bargaining arrangements and processes over recent years. First, while the company locally has good relations and would previously have sought advice and services from

external consultancies or employer bodies (such as IBEC) concerning bargaining issues, this activity had diminished. In the main, external survey data would provide market research on, for example, wage rates, ahead of negotiations, but little direct external negotiating support was provided to the company. Management tended to make ongoing efforts at direct bargaining at the enterprise level, often focused on additional benefits (non-pay elements) around the minima of those negotiated in national partnership agreements. For example:

National partnership only ever existed as a guide for us. We usually paid above any national agreement anyway. The collapse of social partnership never really impacted us.

A second broad change included the integration of union bargaining machinery with a non-union consultative forum. Plant-wide issues would be referred to a 'Staff Dialogue Group' (SDG) that included management, union, but also non-union employee representatives. For example, if SIPTU negotiated changes to pensions or holiday entitlements which might impact on all (including non-union) staff, the issue would be referred to the SDG before implementation. There are three potential impacts from the SDG process but they have yet to be fully analysed over a period of time. One is that the process could weaken union bargaining power with the employer as it may dilute the union constituency to include non-union representatives. Another is that it may diminish negotiation which has a definite agreement-making function to a process that seeks views and is only consultative by nature. The third change is related to the employer's expectations and demands for greater concessions and conditions as part of pay agreements. The HR manager explained:

We kept just giving pay rises as part and parcel of the Celtic tiger boom years. In 2009 that all changed. We had a pay pause and then in 2010 honoured the 2.5 per cent part of the national deal. Then we started asking for more back. We took away the bonuses and looked for savings and staff reductions and efficiencies ... 2014 was the most difficult set of negotiations and a lot has been agreed we would never have got before the crisis.

MedivCoIrl is one of the companies targeted by SIPTU in its '2 per cent' pay campaign. Negotiations concluded in June 2014 produced a pay settlement of just over 2 per cent, covering a three-year period (for

example, 2.5 per cent in year one; 2 per cent in year two; and 1.7 per cent in year three). At the same time, a range of conditions became part of the final agreement, reflecting a higher degree of ‘concession bargaining’ on the part of the union and ‘renewed managerial confidence’ to demand more. In summary, the agreement included:

- pay rises as indicated above (2.5 per cent, 2 per cent and 1.7 per cent in the three years);
- new entrant rate of pay (lower than for existing workers);
- cuts in bonus and other related premium payments;
- recode sick leave as annual leave days (at local department manager’s discretion);
- summer holiday pay to be paid weekly;
- work restructuring and new ‘lean manufacturing’ working practices;
- agreement that agency workers, after one year’s unbroken service, can become direct but temporary employees (on new entrant lower pay scale). When they have served two years and eight months, they may then be eligible to become permanent employees.

Finally, the fact that agency workers could eventually become *MedivCoIrl* employees represents something of double-edge sword for SIPTU. On one hand, there was unease at agreeing a new entrant pay scale that effectively meant future workers would be on a lower rate of pay compared to existing employees. However, once made direct employees these workers could then avail themselves of union membership and be afforded bargaining rights under the closed shop agreement. Thus management secured a reduced hourly rate for new entrants, while SIPTU were able to extend membership among previously unorganised agency workers. The shop steward explained:

Our aim as a union has been to get agency workers into membership. Once unionised they have more rights and we can get them onto more permanent contracts.

The adversarial dynamic to local bargaining at the *MedivCoIrl* plant also signalled a number of intra-union tensions. The local shop steward felt that the SIPTU campaign of rolling out, incrementally and progressively, the 2 per cent pay campaign across manufacturing has cost workers at the plant. In the concluding stages of the 2014 agreement, noted above, it was explained that a pay rise close to 9 per cent over three years was

on the point of being finalised (averaging 3 per cent per annum). In the meantime, at national level SIPTU had made public the successes of their 2 per cent campaign. As a consequence, management pulled back and withdrew the 3 per cent average annual rise and only offered 2 per cent. The union convenor remarked:

SIPTU let us down a lot here. Some senior SIPTU people wanted to tell the world and their dog how great they are at getting 2% 2% 2% and that's enough for people. Management couldn't wait to throw that back at us and would then only cough up the 2%, saying that's all SIPTU wanted. It presented a sort of national pay norm when we were getting a better deal. We virtually had 9% in the bag and SIPTU announcements cost us that.

7. Discussion of emerging themes

In this section we discuss a number of the themes that have emerged from the research in terms of responses and adaptation to the new economic situation brought about by the recession and the end of national social partnership in Ireland. The performance of the manufacturing sector in Ireland throughout the crisis has been uneven, with those associated with the construction sector being extremely badly affected. The pharma sector was largely untouched by the recession, but had the emerging challenge of the 'patent cliff' to take into account. On the other hand, two of the case studies in this report felt forced into significant restructuring; one case in the food and drink sector and the other one in the metal sector manufacturing large-scale refrigeration units. Both suffered a dramatic and immediate loss of orders as their product markets plunged from 2008–2010, although they have been experiencing a recovery phase since late 2013.

Three main themes emerged from the research. The first is the *government responses* to the crisis and their various commitments to the Troika MOUs and their consequent long-term implications for the framework of the Irish labour market and its regulation. The second is the role of localised social dialogue, which will be described in terms of *Varied employer preferences* and *union responses*. The third theme is the degree of *continuity and change* that has emerged in the Irish industrial relations system and how these will shape the conduct and pattern of collective bargaining into the future.

7.1 Government responses

The main response of the Irish government to the economic crisis was to seek a bailout of funds from the Troika and to implement the terms of the 'Economic Adjustment Programme'. The most visible of these are additional labour activation measures run to promote training of the unemployed by various government departments. On four commitments given to the Troika there have been mixed outcomes. The 2010 decision to cut the minimum wage by 1 euro per hour to 7.65 euros was part of the Troika MOU in 2010. The Finance Minister said at the time 'it is one of the highest in Europe and not sustainable in the time of crisis' (Dail 2010), but this measure was reversed by the newly elected government in 2011. This action indicates that the Irish government did have some latitude concerning reforms outside the actions taken on fiscal budget constraints.

The three other commitments within the framework of crisis reform include: changes to the model of REA/JLC wage setting; a new state workplace relations body to regulate industrial relations; and anticipated legislation on collective bargaining; all of which will have significance in terms of creating a new industrial relations architecture. Although the broad outlines were known by the end of 2014, any specific impact from new structures or legislation must await further research assessment in the future. It is worth noting some of the challenges and context the Irish government will face in pursuing labour market changes that were committed to the Troika. First, employers twice used the courts to challenge the processes and constitutional standing of the REA/JLC system, which led to new legislation for reform of bargaining and wage setting determinations, much of which is likely to favour employers and weaken workers' rights and protections, especially for those in low paid sectors. Although the government has indicated the value of maintaining the protections of the REA/JLC system, employer groups are highly organised and continue to lobby for their complete abolition, propagating the narrative that such wage regulations are *anti-business and anti-job creation* (RTE 2014). Second, the remit of the new workplace relations commission appears to be designed to deal more with individualised rights and may not be in a position to deal adequately with collective bargaining challenges and issues. It appears that there is widespread acceptance in Irish industrial relations circles for a reformed and streamlined industrial relations architecture, although its success

will be judged not just on efficiencies but on how it resolves collective workplace issues in practice. The third commitment is a thornier one to deal with; firm proposals to reform the legal position of collective bargaining had not been publicised by the end of 2014, although there is a commitment in the 2011 Programme for Government to do so, and is mentioned in Troika reports on Ireland. The data herein suggest that the broad reforms and specific changes agreed with the Troika on the three commitments were not in conflict with the prevailing opinions in government circles. However, the reporting timescales demanded by the Troika monitoring teams did force prompt legislative responses from the Irish government.

Broadly, there have been two phases of the impact of the crisis on Irish manufacturing: the initial shock or survival from 2008–2010 and the subsequent adjustment and restructuring from 2011 onwards. The absence of national social partnership structures from 2010 created a vacuum of processes and mechanisms for the conduct of collective bargaining. The return to localised collective bargaining has filled that vacuum and there have been various outcomes and patterns with regard to the forms of collective bargaining, which generally reflect the two main phases of the impact of the crisis as experienced at company level.

In the unionised firms reported on here there was a tradition of collective bargaining and the evidence that emerged was that there was no attempt or even a desire on the part of the various management groups to use the crisis to move in a de-unionised direction. Indeed, the evidence from *MedCoIrl*, *FoodCoIrl* and *MetalCoIrl* suggests that the role of collective bargaining was an essential component in achieving cost savings, implementation of restructuring and convincing corporate head offices of the continued viability of each plant. Therefore, the role of local social dialogue through established mechanisms of collective bargaining between employers and trade unions was instrumental in firms' surviving the initial impact of the crisis and in positioning firms for the future.

There is no doubt that the manner in which the unions conducted themselves in the negotiations was very important in convincing our parent group that they wanted the plant open, were reasonable and would work the deal struck ... Could the company have survived without collective bargaining? No, is the short answer' (Management representative)

7.2 Employers' responses

Employer responses to the crisis in the firms studied here displayed a variety of preferences with regard to how to adapt to the sudden downturn in their product markets and how they responded organisationally. These we call *varied employer preferences*, which were in many respects 'market'-driven and reflected a global neoliberal economic paradigm. At the same time, collective bargaining and negotiation affected employer options. For example, *MedCoIrl* wanted agreements on cost savings and restructuring to be concluded in a very short time, potentially included plant closure, which were changed through collective negotiations. In contrast, *FoodCoIrl* were engaged in union consultations for 18 months to complete their substantial restructuring. At *PharmaCoIrl* and *MedivCoIrl*, who were largely unaffected by the crisis, management agreed a negotiated 2 per cent pay rise, but for the first time added new clauses on performance and productivity. Thus even firms that were performing relatively well during the crisis managed to obtain concessions from workers, but did so by using collective negotiations as a way of reaching agreement and implementing change. Management at *MetalCoIrl* initially responded to the crisis by informing unions that there was a serious possibility that their corporate head office would close the plant unless drastic costs saving actions were taken. The response from the unions was to engage management in detailed talks which yielded agreement to reduce the working week, lay off temporary and contractor workers and introduce a voluntary redundancy scheme. *MetalCoIrl* have survived the crisis and are planning to expand their plant; there has been a return to adversarial collective bargaining between management and unions with evidence that at least nine cases were sent to the state industrial relations bodies for adjudication in 2013 and 2014.

7.3 Responses from unions

The trade union response to the crisis in its various stages can best be described as *union strategic pragmatism*. In the initial phase of the crisis in *MetalCoIrl* and *FoodCoIrl* in particular the unions were forced into shock or survival bargaining to save the plants from closing; once their situations stabilised the need for major restructuring and cost savings became their main focus. In the latter cases and with *MedCoIrl* in 2014, trade unions had to face the strong possibility of plant closure and the ensuing agreements did surrender gains they had previously

negotiated. To achieve the scale of the cost savings needed at *FoodCoIrl* and *MedCoIrl*, for example, there was a filleting of collective agreements to protect jobs and core pay. This process varied from company to company, depending on the extent of their individual crisis.

At company level, trade unions dealt with the practical issues around survival and restructuring that arose through localised social dialogue, with a degree of concession bargaining evident in some instances. In the research the main feature of *union strategic pragmatism* was the development and roll-out of the SIPTU ‘2 per cent strategy’ as a means of obtaining pay gains for union members and restarting a form of traditional adversarial bargaining. The quiet, under the public radar and deliberate targeting of the ‘2 per cent strategy’ at specific companies from 2010 onwards, incrementally rolled-out through the manufacturing sector to obtain over 220 pay agreements by the third quarter of 2014 covering 50,000 workers has by and large been successful. It was a pragmatic strategy that was quietly handled at company level to avoid hostile media attention; importantly, a moderate pay rise was sought. For unions the ‘2 per cent strategy’ was a very important strategic national move that asserted a return to gains for workers in contrast to the retrenchment or survival role of unions seen in the early part of the crisis.

Localised social dialogue has long been a feature of Irish industrial relations, even within the framework of national social partnership. Some trade unions want the return of some form of national social dialogue forum to advance national issues, such as those on pensions and collective bargaining. From the employers’ side there did not appear to be any wish to return to any form of national partnership. Nonetheless, the continuity of national partnership mechanisms was reflected in the two private sector industrial peace protocols between IBEC and ICTU. For its part the government indicated to the wider society, by agreeing to retain the REA/JLC system and by concluding the public sector agreements, that they still did not wish to see forms of partnership or national wage setting mechanisms eliminated in the public sector.

8. Summary and conclusion

The period under review in this report – 2008–2014 – witnessed dramatic changes in the economic and political fortunes of the Irish government.

The actions they took as a result of the economic crisis have put immense economic and personal burdens on the Irish people. Ireland was seen by many as an economic underperformer compared with its European neighbours in the post-war period (EU 2012). The subsequent era, when the country was known as the ‘Celtic tiger’ – from the mid-1990s to 2008 – saw employment grow from 1.1 million to 2.1 million (in 2007) and wages and salaries grow at significant levels and traditional emigration turn to net immigration (Whelan 2014). In 2007 it would have been unimaginable that a sovereign Irish government would have asked for a financial bailout, that unemployment would rocket to over 15 per cent and ‘austerity’ imposed through emergency legislation would reign throughout Irish society for the following seven years – and is likely to continue for another decade or more.

Several underlying factors have contributed to the impact of the changes in Irish industrial relations: the collapse of national-level social dialogue; a wave of employer challenges to the legal authority of statutory wage setting arrangements in some sectors (for example, the JLC/REA system); a new mood of employer self-confidence with pay freezes, pay cuts and job losses; and finally, but by no means the least significant, the government commitments entered into with the Troika on labour market reforms. These factors of change have in one very important sense turned the model of social dialogue and bargaining upside-down; that is, from a highly centralised system to a new decentralised and localised bargaining arrangement, which is now focussed more directly on local actors and workplace activists.

However, at the same time, there is a strong undercurrent of continuity. Above all, the evidence points to a sustained durability of robust collective bargaining in different parts of the manufacturing sector. Some unions have successfully adapted to the challenges of the crisis by devising a protective wage rate strategy through the coordination of a constellation of single-enterprise bargains based on a shared goal of a 2 per cent pay rise to offset austerity and hardship. SIPTU’s campaign in this area was first rolled out in a relatively quiet, piecemeal manner by targeting key manufacturing (mostly multinational) employers. The objective appears to have been highly successful, with over 200 agreements made with employers by late 2014, which in turn has had a spillover effect on other parts of the economy (in retail and services, for example). Likewise, employers have adapted to a new decentralised

industrial relations architecture with tighter collective agreements focussed on core pay.

The overall response in Ireland can therefore be defined as containing elements of both ‘structural change’ and ‘process continuity’. That is to say, the structural platform for social dialogue has witnessed major change, from a national corporatist model to new local and enterprise-based bargaining. Notwithstanding such fundamental change, the ‘process’ of collective bargaining continues to add value by achieving agreement, consensus and wider understanding for workplace change. Social dialogue itself remains creative and innovative and is pragmatically and politically much more advantageous than unilateral employer imposition.

The risk is that Ireland’s system, unlike its European counterparts, remains predicated on a permissive voluntarist arrangement between the social partners. Such voluntarism means that social actors may – and indeed have – simply walk away from the goal of engagement through social dialogue. There is, therefore, a counter argument – and evidence – that a more regulated system to mandate social dialogue can enhance creativity and problem-solving to facilitate deeper and more supportive change.

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All links were checked on 3.12.2015.

Annex: Table 1 Case study workplaces: interviews, context and background

Case studies	Employers' association membership	Workforce size	Workers representation	Impact of crisis	Significant restructuring	Company agreement	Interviewees
Large metals/ machine (MetalColtr)	IBEC	850	UNITE & TEEU	Significant	Significant and crisis-led initially	Yes	Management, trade unions, shop stewards
Large food & drink (FoodColtr)	IBEC	200	SIPTU & TEEU	Significant	Significant and crisis-led initially	Yes	Management, trade unions, shop stewards
Large pharma (PharmaColtr)	IBEC	650	SIPTU & TEEU	Minimal	Minimal, influenced by new ownership	Yes	Management, trade unions, shop stewards
Large medical devices (MedColtr)	IBEC	1,000	SIPTU & TEEU	Some	Significant. Partial crisis-led. Influenced by new venture capitalist buy-out planned closure (aborted)	Yes	Management, trade unions, shop stewards
Large medical devices (MedivColtr)	IBEC	2,400	SIPTU	Minimal	Minimal. Status quo prevails	Yes	Management, trade unions, shop stewards