



EDITORIAL - Faster Settlements Required

There is an increasing perception among the public that the parties involved in industrial disputes in Ireland are too slow at resolving them and that some potential disputes occur with increasing regularity. The difficulty is that the outside external commercial world, whether it be the global world of business or the domestic environs of Irish public services, is facing demands for a faster and more responsive service and has to change accordingly.

The time has come to recognise that the dynamics of the marketplace makes it necessary to achieve agreement quickly if the enterprise is to survive and prosper and other commercial opportunities are to be explored. The type of dynamics and pressures building up in this sharply competitive environment cannot wait for inordinately long periods of negotiations to resolve crucial issues and that they cannot simply be blocked or stymied for lengthy periods.

The core problem is creating the space for handling change, planning for its implementation and specifically negotiating it to finality with those concerned.

These delays are features of both negotiations in the public and private sectors. Sometimes protracted negotiations are

almost a self defeating exercise. Meantime more salient or current issues are emerging which do not receive adequate or critical attention outside the set piece choreography of what many regard as the slow motion pace of industrial relations.

SMARTER FORMS OF RESOLUTION

Facing up to resolving disputes in a smarter more efficient way is an important management, Government and union concern. It comes back to the issue of clear communication and engagement: managers updating their employees on developments so that no major surprises come on the radar screen. And secondly ensuring that when major unforeseen events do emerge there is a context of trust and openness to facilitate addressing them over a short period of negotiated engagement.

In some ways, although we have very sophisticated dispute resolution mechanisms, there is nevertheless a capacity and a capability issue at play here. The protracted nature of negotiations probably points to the need for training and building capacity on both the management and union side around delivering change.

The Commission is prepared to dedicate its resources to seeking better engagement over shorter periods of time. This has to be done because of the demands upon the

Commission for its time and resources. At this stage of the Social Partnership process, the parties should be able also to engage more effectively on the restructuring and modernisation agenda than has been evident to date in some crucial areas of Irish economic and service areas.

Too much time is spent explaining why the business needs to change. The longevity of some negotiations bring the processes of dispute resolution into disrepute. There is a need to find a better and more enduring model of the 'win/win' model than we have achieved at the moment.

It is up to management and unions to have a more finite idea of how that level of engagement can be mobilised and harnessed.

If there are strains within the social partnership process, and to some extent these are inevitable, then there is a greater need for a more structured and a timelined approach to the reorganisation/restructuring, competitive and modernisation agenda.

Ireland is losing competitiveness, productivity and confidence in the quality and delivery of our public services. If Ireland does not have a vibrant and growing private sector supply then we will not have the economic capacity to provide improved quality public services.



LRC NEWS

STAFF CHANGES

Declan Morrin has been appointed to the position of Deputy Permanent representative to the World Trade Organisation (WTO) in the Irish Permanent Mission to the UN in Geneva. The appointment is for 4 years and will take effect from 1st January 2008.

Declan has been with the LRC since its establishment in 1991. Initially he was an IRO in the Conciliation Service but was promoted to Senior Advisory Officer in 1993 and to Director of the Advisory Service in 1996.

TRAINING

The LRC has been involved in various in-house training initiatives. The Advisory and Conciliation Services provided training to a Staff Association in the GMS that was specially elected for the purposes of consultations around their recently announced redundancy programme.

It also contributed to an Information session about the various employment rights bodies for the Communications Workers Union (CWU).

Information/training sessions on the respective roles of the various employment rights bodies, including what to expect when attending and how to prepare, will take place for staff of various Citizen Information Centres throughout the country in the coming months.

RESEARCH

The LRC is planning to publish a number of research publications over the next year on areas associated with its core mission and mandate. "Employment Dispute Resolution and Standard Setting in the Republic of Ireland" is being published in conjunction with the NCPP and Queens University Belfast. The authors are Professor Paul Teague and Dr. Damian Thomas.

The findings from a major survey on ER in Irish multinationals entitled "Employment Relations in Multinational Corporations in an Organisational Context" will be the subject of a major LRC seminar to be held in June 2008 in the Croke Park Conference Centre, Dublin.

A further research project entitled "The Dynamics of Workplace Dispute Resolution in Contemporary Ireland (Queens University Belfast and University College Dublin): This major piece of research is underway.

SME's

The ASD has identified and written to approximately 400 SME's who have used the Rights Commissioner Service in recent times. They have all been advised of the various Advisory Services available to them and have been provided with information packs on all LRC Codes of Practice.

CODES OF PRACTICE

The draft Code on Information and Consultation will be ready in December for transmission to the Minister for Labour Affairs.

Earlier this year a new Code of Practice for Persons Employed in Other Peoples' Homes was published. This Code was as a result of commitments made in T16.

LRC WEBSITE (www.lrc.ie)

Visits to the LRC website for the eight months ending August 2007 exceeded the quarter of a million mark, increasing by 33% over the same period in 2006. For the very first time since the LRC established a website, the number of monthly visits exceeded 40,000 during the month of July 2007.



LEVELS OF ACTIVITY

The number of disputes referred to the Commission up to the end of October was 1,053, slightly down from the 1,283 cases for the corresponding period last year. A total of 217 referrals were made by the LRC to the Labour Court.

NEWLY APPOINTED RIGHTS COMMISSIONERS

Ms. Rosaleen Glackin

Mr. Eugene Hanly

Ms. Emer O'Shea

Mr. Jim O'Connell

Mr. Sean Reilly

Mr. John Walsh

RIGHTS COMMISSIONER SERVICE INCREASE IN REFERRALS

The number of referrals to the Service is now averaging at over 740 per month with over 800 referrals in January/February and 910 in July 2007 alone.

There were a total both of 7386 referrals by end October 2007, an increase of 1519 or 26% over the equivalent period in 2006.

It is anticipated the Service will receive over 9,000 referrals in total in 2007.

COMMISSION STRATEGY

The Commission's Strategy Plan 2008-2010 will be published in January and will outline the direction and scope of the Commissions' Strategy and Service Objectives for the next three-year planning period.

The Strategy will be informed by the internal evaluation of current services, by the analysis of the views expressed in the Client Survey (2007) and the outcomes of various research projects on dispute resolution and human resource strategies undertaken at the behest and with the financial support of the Commission.

LRC CLIENTS GET THEIR SAY

The current industrial relations climate was described as 'stable' by the majority of respondents to a new Labour Relations Commission client survey. Overall, there was strong support for the quality and delivery of the LRC's services. But it was clear that the role and profile of the Rights Commissioner's service has increased in the views of key users as it engages in what is widely acknowledged to be a more legalistic environment.

LRC Chief Executive Kieran Mulvey said that it was gratifying to know that the key services of the Commission together with its staff were held in such high regard by clients. But he added that the Commission's new Strategy Document for 2008 – 2010 would address some of the key challenges identified by the survey and elsewhere.

The LRC chief executive said that it was vital for the Commission to keep in touch with its client base while at the same time keeping abreast of best practice in dispute resolution and developments in the different client sectors.

INDEPENDENCE

The Labour Relations Commission was seen by respondents as an independent public agency which responds to the needs of employers and trade unions in both a day to day and on a crisis fire fighting basis with high levels of expertise and commitment.

On the wider economic front, the level of inflation was a cause of concern but not one which was going to lead to Towards 2016 being renegotiated. The size of the construction sector and the impact of any slowdown was also causing some disquiet. Fears of knock-ons from the recent nurses dispute were expressed as well as some anxiety over the findings of the forthcoming Benchmarking Report. Many respondents suggested that the recruitment pool for positions in the LRC be widened.

However the Client Survey Report carried out by Dr. John O Dowd and Dr. Tim Hastings of John O Dowd Consultants suggested that there were serious resource issues which needed to be

addressed and that the work of the Commission was not universally understood by all sectors.

Among the other findings were:

- The Rights Commissioner Service is assuming a much greater importance in the eyes of users
- The increasing 'legalisation' of the Rights Commissioner process was commented upon which led the Commission adopting a 'quasi legal role'
- It was taking up to nine months to get a hearing in some cases
- The extent to which workplace bargaining takes place varies enormously between organisations and sectors
- Public service managers saw the Benchmarking Process and the PVG system as a critical facilitator of organisational change and one which had given them more significant leverage than they had to date
- National level partnership was seen as giving unions an important voice
- Employees were said to see national pay rises as 'Government money' and not coming out of the business
- National agreements were viewed as being a facilitator but also a roadblock to change in certain cases.

The Commission's "shuttle mediation process" was seen as particularly helpful and assisted the parties speak more openly. The high turnover among LRC staff was seen as unhelpful. Unions were more positively disposed to the Advisory Service than managers or companies but it was widely recognised that positive outcomes for the enterprise resulted from the Advisory Service interventions.

The LRC's new Mediation Service was seen as a positive experience and there was a high level understanding of Codes of Practice among those interviewed. However many respondents complained that there were too many different codes on bullying and harassment and that this was causing confusion.

OVERALL RESPONSE

The most widely held views were that the LRC had a critically important role to play in the industrial relations field and that it had done a very good job to date across a range of

services. Dispute resolution was singled out as the most important service. Positive comments on the overall role of the LRC were:

- The LRC handled a large volume of disputes and had a very high degree of success in helping parties to reach agreements
- The LRC was very responsive to the needs of employers and trade unions particularly when a major dispute required intervention
- The LRC provides a professional and well-run service
- The national employer and trade union bodies have close working relationships with senior personnel and acknowledged a ready willingness to work closely together on cases
- The LRC was open to change as circumstances required, for example the introduction of the mediation service/ assessors and ad hoc interventions
- Having the LRC has helped employers and trade unions to avoid dramatic showdowns or trials of strength as has happened in other countries.

There were mixed views among a minority on whether the LRC should 'stick to the knitting' of helping parties to resolve disputes in the 'here and now'. A contrary view was that the LRC should attend more to the longer term needs of parties by helping to build relationships and 'workplace procedures, to strengthen knowledge and skills around negotiation and dispute resolution, and promote best practices in industrial relations.

"TOO EASY"

Several participants took the view – shared by management and trade unions – that it was sometimes too easy to get access to the LRC and that there should be some filtering mechanisms in place that would preclude cases without substance or on which there had not been sufficient negotiation at local level. Key points were:

- Awareness and use of the Conciliation and Advisory Services appears to be less widespread among small firms than among larger firms
- Trade unions expressed concerns that the LRC 'lacks teeth', e.g. if employers refuse to attend it has no power of compulsion

LRC CLIENTS GET THEIR SAY cont.

- There was some concern that the LRC was not making sufficient use of what was perceived as its massive data base, for example to identify trends, to pro-actively address endemic poor industrial relations or to highlight best practices
- There was a perception that the LRC was not sufficiently appreciative of the commercial environment and that they can take whatever time is necessary to resolve disputes in order to preserve a partnership or secure mutual agreement.

BEST PRACTICE

Among the key suggestions for change was developing the facility for greater dissemination of best practice. There was also the view that it would be useful for the LRC and its clients if they were to meet outside of the dispute resolution context, say annually for sectors, employers, trade unions. In addition, people also felt:

- It would be useful for the LRC to provide training for users.
- There should be agreed timescales for accessing and progressing through LRC services, perhaps formulated as a service level agreement
- There was a need for wider dissemination of knowledge of services and the people involved
- Small firms could make wider use of Conciliation and Advisory Services without being bound to formal outcomes
- LRC could be of use to non-union companies
- There could be more emphasis on the provision of information and advice
- The LRC could be more pro-active, e.g. in developing and disseminating models of 'best practice' in industrial relations.

THE CONCILIATION SERVICE

All participants had very positive comments on the Conciliation Service overall and on what was described as the 'huge effort, energy and understanding' that was made available to service users. Participants said that they accessed the Conciliation Service when they had reached an impasse in local negotiations that they were unlikely to get beyond at that level. In some cases

participants said that they flagged in advance to the IRO whom they tended to deal with the most that an important issue was likely to end up in conciliation.

Key positive aspects of the Conciliation Service that participants highlighted were as follows:

- While there was a perception that access was a problem on general referrals, the service was highly responsive and flexible when asked to intervene in major disputes
- The service used a standard, tried and tested shuttle conciliation process that was effective for the types of disputes referred and that provided an effective mix of formal and informal approaches
- Management and unions – with some minor qualifications - valued the knowledge, skills and impartiality of the IROs and the efforts they made to find resolutions for the parties
- IROs put pressure on both management and trade unions to compromise and helped to reduce expectations of 'winner takes all' outcomes
- Where settlements were not reached, the process helped to clarify positions and to refine them to a point where it would be clear to the Labour Court where an acceptable settlement might be found
- The service was free of charge.

There were mixed views among private sector managers as to whether or not IROs had a sufficient understanding of competitive pressures for companies.

A common and strongly expressed view among public service managers was that IROs tended to put them under more pressure to settle than their trade union counterparts and that IROs should have greater regard for sticking to the terms of national agreements. They said that they sensed frustration on the part of IROs when they, the public service managers, had no mandate to settle disputes. On the other hand, some private sector managers valued what they considered to be the priority among IROs of finding solutions rather than imposing standards, as the Labour Court might be expected to do.

There was a perception that, because the process was voluntary in that attendance and dates had to be agreed between the parties, there could be long delays in arranging conciliation conferences. The turnover among IROs was unhelpful as parties had built up relationships with particular IROs.

Most participants favoured the more 'aggressive' style of IRO even to the point of saying that they were happy to be put under pressure when their side had an unreasonable position. It is important to acknowledge that the judgments that management and union participants made on these two styles depended, at least in part, on the expectations that they had of IROs and that not all had the same expectations. For example, some expected IROs to have the ability to develop and propose solutions while others saw it as their role to 'influence' IROs towards their own arguments and positions.

Some participants considered that IROs needed to be knowledgeable about different industries. Others stressed the importance of the overall process and considered it to be their responsibility to educate IROs about their needs and to persuade them of their case, in the words of one respondent 'as if they were members of the public'. Most participants commented that IROs were all individuals who brought their own characters and personalities to bear on their conciliation work.

Overall there is a high level of satisfaction with the Conciliation Service in terms of access, flexibility and the work done by the IROs. At the same time, participants have highlighted a number of areas where they would like to see improvements, notably in the speed of access on cases and in the recruitment and training of IROs.

- Provide training for service users, e.g. in how the conciliation process works and what the expectations of IROs are of parties coming into them
- Arrange to have briefings by trade unions for IROs on how unions operate and the pressures that they are experiencing
- Arrange 'focus groups' or other opportunities for managers, trade union representatives to engage with each other outside the heat of negotiations and disputes

LRC CLIENTS GET THEIR SAY cont.

- Adopt a screening or filtering process that will ensure that only cases that have substance and that have been the subject of serious local negotiations are accepted; refuse cases where necessary.

THE ADVISORY SERVICE

Unions appeared more positively disposed to using the Advisory Service than managers or companies. However, those companies which had used the service in situations of very poor industrial relations or recent disputes, reported positive outcomes in terms of 'clearing the air' or 'lancing the boil' in their industrial relations environments and systems.

In many cases the interventions of the Advisory Service were seen as facilitating an organisational climate that fostered openness to change on the part of employees as well as greater levels of understanding between managers, employees and union representatives at workplace level. There was recognition of the value of taking a pro-active or 'preventive' approach to improving industrial relations through the 'frequent users' policy. A number of participants said that the staff in this service needed to have very strong human resource / industrial relations backgrounds.

Some of the key points made about the service were:

- The Advisory Service is helpful and useful in the main by those who use it
- It is independent and objective
- The Advisory Service has provided useful help to parties dealing with breakdowns in relationships, dealing with ineffective industrial relations structures and procedures, with union recognition cases under the 2001 and 2004 Acts, with handling grievances in non-union companies, with bullying and harassment cases
- The Advisory Service has provided effective mediation on collective disputes as well as on individual issues
- Using the service allowed the parties to get 'back to basics', e.g. revising grievance and disciplinary procedures and adhering to these
- The approach by the Commission staff was seen as very professional at all times

- Access is quicker to the Advisory Service than it is to the Conciliation Service
- The Advisory Service is seen to give more time to issues and achieves a deeper understanding of the change agenda
- Particularly good at handling complex issues through the establishment and chairing of joint working parties on issues such as restructuring or pensions where more time for discussion and analysis is needed than might be available in the Conciliation process
- Sometimes the intervention of the Advisory Service leads to local partnership agreements
- The report on industrial relations in the health services was worthwhile but needs to be repeated as the context has changed so much as well as relationships having worsened in the meantime
- The service is seen to be doing well but needs to address key challenges.

It was also clear that some employers 'shy away' from the Advisory Service seeing it as part of the civil service and as intrusive. Unions said that the Ryanair judgment had stripped away any useful role for the Advisory Service in union recognition cases. Some considered that some of the Advisory Service's reports were 'middle of the road' in their conclusions and lacking a critical edge and others considered that the Service couldn't call things exactly as they were for reasons of diplomacy and in order to generate progress. There is a low level of awareness of the Advisory Service and what it has to offer among smaller businesses

THE RIGHTS COMMISSIONER SERVICE

The Rights Commissioner Services is assuming a much greater importance in the eyes of LRC service users. Participants suggested that they would be using this service more than in the past. The increasing 'legalisation' of the issues covered by the Rights Commissioners has resulted in it being given increased attention by users. Overall the majority of the comments on the service were positive as far as assistance in bringing disputes to finality was concerned. The most often cited complaints related to delays in

getting hearings. The increasing complexity of cases brought to the Rights Commissioners was also cited, as was the growing need for more specialist knowledge of the various acts and codes. Concern was expressed about the increasing use of legal representatives and both union and management participants expressed unease over this trend, which they did not see abating in the short to medium term.

Key positive aspects of the Rights Commissioner Service which were mentioned included:

- The Rights Commissioner Service is seen as an increasingly important outlet to resolve issues in a fast, efficient and informal manner
- Many Rights Commissioners will try to conciliate issues first which is seen as positive
- Ability of the Commissioners to conciliate first and seek a solution is seen as important skill and added value
- Rights Commissioners are seen as 'very able and balanced' people with a good knowledge of employment law and business
- The Rights Commissioner Service is now seen as a quasi-judicial role of importance in the overall State dispute resolution architecture
- Small business organisations tend to favour using the Rights Commissioner Service ahead of other avenues of resolution
- The types of cases being brought to Rights Commissioners is changing with the Payment of Wages and Fixed Time Contracts being to the fore.

The two areas of concerns in relation to the Right Commissioner Service were the length of time it took to get a hearing and the need to respond to the increasing complexity thrown up by the "legalisation of the process". Critical comments made about the service generally related to the length of time it took to access it. The view expressed was that such delays allow issues to fester and can damage relationships among the parties concerned.

Commissioners are seen as looking for the 'middle ground' in handling issues while the nature of the issues themselves and the legal codes that surrounded them did not permit this 'industrial relations based approach'.

HISTORY AND ROLE OF THE RIGHTS COMMISSIONERS

A new study commissioned by the LRC shows that there has been and continues to be a growth in the volume and complexity of the work undertaken by Rights Commissioners. Here we print a summary of the report.

Established in 1969, the Rights Commissioners are an employment dispute resolution mechanism found exclusively in the Republic of Ireland. They were established with the main intention of problem-solving small-scale industrial relations disputes. But the changing employment landscape has meant that their role has evolved and they now also focus on vindicating employment rights. This evolution is underscored by the increased diversity in the workplace and the shift from collective disputes to individual disputes, resulting in an exponential increase in the number of cases referred to Rights Commissioners. This report sets out the first systematic analysis of the work of the Rights Commissioners service since its establishment.

SINGLE CASES

The work is based on a random sample of 2,882 claimants or 3798 cases taken from 2006, representing approximately two-thirds of that year's referrals. The sample is representative and therefore conclusions can confidentially be drawn for the rest of the population, when statistical tests are undertaken. A range of findings emerge from the statistical analysis some of which are set out briefly below.

Nearly four-fifths of claimants only enter a single case. The average claimant is more likely to be male (58 per cent) than female (40 per cent). Claimants are much more likely to be Irish (71 per cent) than an immigrant, although Eastern Europeans make up a significant proportion (20 per cent) of claimants. Irish claimants are disproportionately likely to be female, whilst Eastern European claimants are disproportionately likely to be male. Claimants are most likely to originate from low wage employment, most commonly from the salary bracket €301 to €400 per week, although the mean average salary is €475.47 per week. Nearly three-quarters of social care; manufacturing; hotels and restaurants; real estate and business activities. Horizontal segregation is evident amongst claimants, with male claimants being disproportionately found in construction, retail and manufacturing, whilst female claimants are disproportionately found in health, retail,

hotels and restaurants. Segregation is also evident between nationalities. Irish claimants are evenly distributed across sectors and Eastern Europeans are found disproportionately in construction.

Sixty-six percent of claimants choose to have representation during the Rights Commissioner process. Three-quarters of the claimants who chose to have representation are represented by trade unions and 18 per cent are represented by solicitors. Twenty-three per cent of respondents have representation, of which 55 per cent have solicitors and 37 per cent have employers' associations.

KEY ACTS

The vast majority (88 per cent) of cases brought before the Rights Commissioners are brought under five Acts – Payment of Wages Act 1991 (34 per cent); Industrial Relations Acts 1969-1990 (18.3 per cent); Organisation of Working Time Regulations 2001 (13.7 per cent); Unfair Dismissals Act 1977 (13.60 per cent); Terms of Employment (Information) Acts 1994 & 2001 (9.3 per cent). There are differences between the genders, with regard to the Act under which claimants bring claims before the Rights Commissioners. Female claimants are disproportionately more likely to bring claims under the Protection of Employees (Fixed-Term Work) Act 2003, Protection of Employees (Part-Time Work) Act 2001, Industrial Relations Acts 1969-1990, Unfair Dismissals Act 1977, and Organisation of Working Time Regulations 2001.

Male claimants are disproportionately more likely to bring claims under the Payment of Wages Act 1991 and Terms of Employment (Information) Act 1994 & 2001. Irish claimants are disproportionately more likely to bring claims under the Protection of Employees (Part-time Work) Act 2001, Unfair Dismissal Act 1977 and Industrial Relations Acts 1969-1990. On the other hand, Eastern European claimants are disproportionately more likely claims under the Payment of Wages Act 1991 and Organisation of Working Regulations 2001, representing more bread and butter issues. Under the Payment of Wages Act, the key issue was non-payment of wage related monies (80.4 per cent), of which 37.6 per cent of claimants brought a claim for non-payment of wages, 28.6 per cent of claimants brought a claim for no-payment of holiday pay and 15.8 per cent brought a claim for non-payment of notice period. Under the Industrial Relations Acts 1969-1990, the key

issues were pay-related matters, unfair dismissals, warnings received and unfair treatment/harassment. Under the Organisation of Working Time Regulations 2001, the four key issues are holiday (47 per cent), Sunday premia (14 per cent), excess hours (14 per cent) and rest periods (9 per cent).

FAVOUR CLAIMANTS

The Rights Commissioners made decisions in only 31 per cent of cases, which means that in nearly 70 per cent of case no decision/recommendation is required. Where decisions are required of the Rights Commissioners, over two-thirds (69.9 per cent) are given in favour of the claimant. Claims brought under the Payment of Wages Act 1991 and the Terms of Employment (Information) Act 1994 & 2001 are likely to be found in favour of the claimant, whilst claims brought under the Industrial Relations Act 1969-1990 and the Unfair Dismissals Act 1977 are likely to be found in favour of the respondent. Of those cases where no decision/recommendation is required, 43 per cent are settled and 13 per cent are withdrawn prior to the hearing, a further 19.6 per cent settle at the hearing, often with the guidance of Rights Commissioners. In 9 per cent of the cases where no decision/recommendation is required, employers object to the involvement of Rights Commissioners. There is only a moderate relationship between salary and compensation level. The analysis shows that gender, nationality and sector makes no significant difference to the level of compensation. If, however, a claimant has representation compensation tends to be higher.

This study shows that there has been and continues to be a growth in the volume and complexity of the work undertaken by Rights Commissioners. There is a string role for trade unions, but solicitors still play a minor role, suggesting that the Rights Commissioner process is still informal. This informality is reinforced by the fact one third of claimants choose to have no representation at all and this has no impact on whether a decision is in their favour or not. Although a large number of cases referred to the Rights Commissioners process require no decision, the influence of the procedure is strong with the majority being decided within the shadow of the law. Rights Commissioners are particularly active with claims from migrant workers and also play an important role in the low wage sector.

THE FUTURE OF HEALTH SERVICE REFORM IN IRELAND



BUILDING TRUST AND COMMITMENT AMONGST PROFESSIONAL GROUPS IN THE IRISH HEALTH SERVICE

By T J McCabe

Recent developments in the health service have thrown the spotlight on customer service issues in tandem with the difficulties of instituting serious reform and organizational change in a well established mature organization. Many of the most recent reforms have been aimed at achieving value for money, reducing patient waiting lists and introducing high quality and more innovative forms of patient care. But evidence from abroad suggests that similar change programmes have involved ongoing organizational 'restructuring' and 'downsizing' in health care organisations. However international evidence points to building levels of trust as a key component in successful change programmes.

CONTEXT

There is also an emerging bias towards typical private sector values of performance, efficiency, cost reduction and productivity, representing a move away from traditional bureaucratic structures towards newly valued entrepreneurial attitudes and behaviours. Measures designed to increase labour flexibility have seen an increase in the use of short-term contracts and the replacement of full-time health care staff with more cost effective agency and temporary staff. Such measures are seen as part of an overall strategy aimed at reducing fixed costs and increasing the level of cost effectiveness and economic efficiency in health service organizations.

Short-term cost cutting measures have been accused of undermining the level of trust and commitment amongst professional health service staff and seen as having a negative impact on the delivery of high quality patient care. The dissatisfaction amongst many health care staff has also been attributed in some measure to "poor management" and the use of "top down" management styles particularly in the area of change management. There have been reports of declining levels of morale, commitment and increases in the level of work related stress amongst health sector staff. This has been attributed to longer hours of work, heavier workloads, understaffing, inability to finish shifts on time, unpaid overtime, vacancies left unfilled and a lack of investment in professional training and development.

This article explores the role of trust and commitment in organizational change and outlines out an initial 'road map' for managers in maintaining trust and commitment when embarking upon change initiatives in health care organizations.

INTRODUCTION

Evidence from abroad – Change in health care organizations

Many human resource specialists recognize the link between employee trust and commitment. High trust relations between management and employees are seen as forming a central element in gaining employee

attitudinal and behavioural commitment towards daily tasks and duties that the overall aims and objectives of the organization. Employee commitment has three dimensions. Firstly there is attitudinal commitment, which involves a strong belief in and acceptance of the organisation's goals and values. The second dimension is behavioural commitment. This involves a willingness to exert considerable effort on behalf of the organization. The third dimension is exchange commitment, which involves a strong desire to maintain membership in the organization – arising as a result of sunk costs and the potential losses an employee may incur if they decide to leave the organisation (Mowday, Steers and Porter, 1979).

Given the increasing speed and scale of change in organizations, many employers are now constantly seeking ways to generate greater employee commitment as a way of coping with rapid organizational change and of achieving competitive advantage in relation to their rivals. The purpose of gaining the attitudinal commitment of employees is to 'bind' them to the organization, its attitudes, beliefs and values, and obtain their behavioral commitment to high performance (Guest, 1989). Employee commitment can also increase the level of loyalty an employee has to the organization and can result in reducing the level of absenteeism and labour turnover. The organization can therefore maximise the value of organizational human resources and can in

High trust relations between management and employees are seen as forming a central element in gaining employee attitudinal and behavioural commitment towards daily tasks and duties that the overall aims and objectives of the organization

THE FUTURE OF HEALTH SERVICE REFORM IN IRELAND cont.

turn improve overall organizational performance and effectiveness.

It has been suggested that employee commitment also plays a very important role in maintaining quality within organizations. If health service organizations are to successfully embark and master organizational change the ability to maintain trust and the commitment of staff is essential if service quality is to be maintained and improved. It has also been suggested that trust should be used to re-engage employees and help them cope and adjust with radical organizational change.

The recruitment and selection of strategic leadership, senior and line management, with the right competencies, who demonstrate and show leadership, innovation and commitment, combined with an ability to change can also help create a culture of high performance.

High trust relations between management and health service professionals

Another particular aspect of trust in health care organizations relates to the relationships between health service management and

nursing staff. Trust is an essential feature of the health service manager professional relationship and in health care relationships in general. It plays major role in service delivery and quality. Many commentators have attributed the current erosion of trust primarily to the role of health services manager. Much contemporary research has found that trust in health service organizations in Canada has declined significantly and that the role of nurse-manager relationships has deteriorated. The ability to develop a 'high trust' work environment has been identified as a crucially important leader activity. This is also a perception shared by many health care practitioners and academics that health service employees with low trust in management are less likely to contribute to organizational goals compared to managers with high trust levels. The most significant outcome from recent organizational 'restructuring' and 'downsizing' in health care organizations has been an increase in the level of labour turnover and a decline in those entering the medical and health care occupations. This has been particularly the case of nursing staff in Canada and the UK. Commentators have identified the nurse-manager relationship as a factor contributing toward a significant decrease in the level of

trust. There have also been reports of declining morale, commitment and increasing levels of work related stress amongst health service staff - all of which can contribute and signify a long term decline in organizational performance. An important element of the strategy to increasing health service staff recruitment and retention involves creating work environments that manifest justice, trust, respect and facilitate 'best practice' health care.

Factors contributing towards a decline in the level of job satisfaction amongst nursing staff include poor management and top down managerial styles. Poor management involves institutional bureaucracy, resulting in slower decision making, and the general management of staffing issues; workplace bullying, lack of employee recognition, poor working conditions, lack of managerial support and poor communications. HR researchers have said that professional nursing staff defined trust as 'confidence in someone or something'. Other related concepts included, 'dependability', 'consistency' and 'predictability'. The following suggests ways the leadership of health service organizations can cultivate and increase employee trust and commitment.

Building Trust and Commitment

Organisational Change

Organisational change is often accompanied with a great deal of confusion, dissociation and disengagement from the organization. Successful organizational change is very dependent on managements' ability to communicate clearly with employees. An 'established history and pattern' of costly, poorly implemented and badly communicated organizational change initiatives can act as a barrier to future change. They can provide staff with a negative reference point regarding the introduction of any further change within the organisation. Organizational change often triggers and can bring out negative emotional responses from the staff involved. In some cases arousing suspicions of a 'hidden agenda' been introduced by management under the cover of 'organisational change' - leaving staff feeling 'anxious', 'insecure', 'suspicious', 'unsettled', 'nervous' and 'angry'. Previous experiences where change had either been poorly implemented or were the net result of the change had been detrimental to the interests of nursing staff, can only add to the level of anxiety and mistrust resulting in negativity at best and sabotage in more exceptional circumstances. In such situations staff are generally more reluctant and less willing to make reciprocal gestures of trust to their managers and colleagues. They are less prepared to give their leaders and managers the benefit of the doubt.

Communication and staff involvement can reduce staff anxiety over ongoing change and can result in staff taking greater ownership, understanding and support for the changes that are being introduced. In cases where employees have been involved in the change process there was a higher level of understanding, acceptance and tolerance of change. The emergence of trust is determined by the existence of particular qualities amongst the relevant parties, observed over time. These observations can take the form of previous encounters and experiences. Trust takes time to build up and does not occur "overnight".

Resource Management

The issue of 'resource management' impacts on health care staff in the following ways; lack of resources available for training and development, the reduction of full-time qualified professional health care staff and deteriorating terms and conditions of employment.

Ward closures, short-term working arrangements, and changes to the skills mix of new grades of nursing staff were indicative of a trend towards increased managerial control and cost rationalization. Many nurses felt that the professionalism and 'vocational commitment' held by nurses in the past was replaced with a more 'cut and dried', 'no-frills' approach to health care. The 'traditional public service ethos' was replaced with greater emphasis on organizational aims and objectives. Nurses were now viewing their role more as a job than a vocation. In the past nursing staff had considered their role primarily as vocational.

The majority of health care professionals hold professional development in high esteem, both in terms of their own personal career aims and objectives but also in safeguarding and improving the quality of patient care. They said that their training and development requirements had been neglected as a result of resource shortages. They were expected to address their own training and development needs in their own time, and in some instances with their own money.

Leadership, line management, the immediate working environment

Health service staff - like other employees, feel greater affinity and commitment towards their immediate work environment and their colleagues than they do towards the wider organization. As it is the role of strategic leadership and management is to ensure overall organizational cohesion, management must devise ways of contextualizing the role of health service staff within the wider organisation.

Employees are also more likely to build up trust in specific individuals and are less likely to trust 'boards', 'teams' or 'collectives'. The development of trust is mainly down to particular and specific individuals. Trust is often built up in managers who employees see and have contact with on a regular basis. Staff are less likely to trust managers they have little or no contact with – this is mainly due to the distance involved, the lower level of accessibility and involvement. This makes it harder for them to trust management in the higher levels of the organization. This places more emphasis on the role of line manager in developing and facilitating trust. Line management play a significant and crucially important role in developing trust, their attitudes and behaviour towards senior and top level management can in turn influenced how their subordinates would perceive and interpret the actions of senior and top level management and the extent to which they felt they could be trusted, their attitudes towards top-level management therefore tend to 'rub off' on their subordinates. It is important for staff to know that they are supported and that they have good leadership from the top of the organization. This must filter down at all levels within the organization. Staff will go the 'extra mile' for those they consider 'good leaders'. Visible and credible support from management can increase attitudinal and behavioural commitment.

In most organizations line management play a pivotal role interfacing between strategic leadership, higher level management and the organizations employees. In many organizations 'leadership' is not the exclusive domain of management and those in managerial positions. The role of management is to support, facilitate and 'draw upon' the leadership potential of all staff working in health service organizations. Top down management styles tend to mitigate against the development of leadership within organisations.. The attitudes and behaviours of senior managers tend to 'rub off' on other members of staff. In the current climate of change health service staff require leaders who can show them how to work more effectively, face challenge and cope with organizational change. They showed others how to cope in challenging situations and circumstances.

Communication

Organisational communication should be accompanied with structures and management should ensure that communication is honest, open, clear and consistent. The existence of communication structures help break down hierarchical boundaries and can enhance the flow of information within health care organizations, providing staff with the opportunity to meet other employees working at different levels and in different areas within the organization, this can lead to a shared sense of understanding of organizational change. Better communication can create a stronger sense of involvement amongst staff and the basis for more effective working relationships. The issues, concerns, uncertainty or misinformation regarding organizational change can be addressed through the use of formal and informal meetings.

RECRUITMENT, SELECTION AND PROMOTION

Given the role of trust and commitment in sustaining organizational performance, particularly in times of change it is therefore necessary to select, recruit and promote management with demonstrable leadership qualities and who can create and develop the necessary trust and commitment amongst staff. This is essential during a period of organizational change. There are a number of qualities health service organizations can look for in management capable of creating and developing trust. As mentioned above excellent communication skills, both verbal and written, are essential building up trust and commitment. Other qualities and attributes are outlined as follows.

Confidentiality

Given the sensitive nature of health service organizations from both the perspective of patients and employees, the issue of confidentiality is important. Staff must know that their managers and leaders maintain a code of confidentiality when dealing with workplace issues or problems concerning patients. From time to time staff will require the support and guidance of their line manager and colleagues. It is important for health service staff to know that they can confide in their immediate superiors and colleagues.

Professionalism

It is important for health service managers to be seen as demonstrating 'professional competence'. That they are reliable, consistent, accountable, responsible, predictable, committed and objective, both in terms of their decision-making and behaviour in developing trust. Professional competence in many cases is even considered more important than personal liking (troops during ww1). The knowledge of another individuals professional competence often means that it is unnecessary for line managers or colleagues to check up on them to ensure they had done their work properly. Perceptions of favouritism, bias and the lack of professional impartiality and objectivity can undermine trust and commitment amongst staff. It is very important that management demonstrate professional objectivity and apply the same standards to every single employee.

Accessibility, support and camaraderie

As previously touched on employees and staff are more likely to trust managers they consider approachable, accessible, visible and involved. Those managers who practice and are familiar with 'Management by walking about' (MBWA) are more likely to engage the trust and commitment of their staff. 'Ivory Tower' managers and managers staff considered 'aloof' or 'removed' tend to find it more difficult to develop trust and commitment. Managers can have a positive impact on their staff, in terms of increased trust and commitment by increasing levels of accessibility and visibility. It sends a message out to staff that their managers are actively supporting them, they are prepared to get involved with both them and the work they were doing.

Schemes, systems and processes designed and geared towards ongoing professional training and development can result in higher levels of commitment and motivation amongst staff

The knowledge that line-managers and colleagues can be relied upon for support is very important for health sector staff if they are to working effectively as a team and delivering high quality patient care.

Recognition and value

While poor terms and conditions or employment, pay and working conditions can leave staff feeling undervalued and need to be addressed in a wider scale. The existence of non-monetary forms of recognition and methods of valuing staff should be highlighted. Recognising the hard work and achievements of others can act as a motivator to the individuals involved and provide other

employees with an example for them to follow. Poor morale and motivation can often arise as a result of poor staff recognition and lack of value for they work they do. Employee attitudinal and behavioural commitment can increase when staff feel they are genuinely valued by their organization.

Professional training and development

Many professional groups working in the health sector are obliged, by their profession, to set time aside for training and development. This is linked to notions of professional competence and accountability. The notion of 'life-long learning' is also lined to research and evidence-based, were professional health care staff are engaged in a process of continually auditing and updating their procedures to ensure high quality patient care. Ongoing professional training, development and 'life long learning' is held by many professional health care staff in high esteem. Schemes, systems and processes designed and geared towards ongoing professional training and development can result in higher levels of commitment and motivation amongst staff. This is also an area where management can offer health service staff more practical support and assistance in delivering high quality patient care..There is a sense that the current system has become too obsessed with specialization.

MISTRUST

A climate of low trust or mistrust tends to undermine notions of teamwork and commitment. The use of compliance models for the purposes of ensuring that the relevant parties keep to their end of the bargain and fulfill their various commitments can be expensive and time consuming for leaders and managers alike. Low trust relations can result in increasing levels of 'stress', 'anxiety', 'insecurity' and feelings of 'isolation' amongst health care professionals. The presence of trust creates the teamwork and camaraderie necessary to deliver high quality patient care. Both of which would be undermined in a climate of low-trust.

The following table (table 1) highlights the responses given from a study previously carried out on trust amongst nursing staff and managers in health service organizations.

THE FUTURE OF HEALTH SERVICE REFORM IN IRELAND cont.

| General level of trust | Response |
|--|---|
| Immediate working environment | High trust in line managers and working environment. |
| Uncertainty | Organisational change poorly communicated and implemented. |
| Management Style and Culture Change | Private sector management styles and practices associated with poor staffing, training and development, terms and conditions of employment and seen as undermining 'traditional public service ethos'. |
| Conditions for trust to develop | Response |
| Support and camaraderie | Support linked to individual, collective, personal and professional development. Acting in the wards best interests, loyalty and solidarity with the nursing profession and its ideals. |
| Reciprocity | Establish trust and is linked to team and confidence building and the development of camaraderie. |
| Time | Previous experiences, knowledge and length of time spent working with others. |
| Organisational Communication | Open and honest communication, increased clarity surrounding organizational aims and objectives and understanding of the role of others. |
| Vulnerability | Giving management the benefit of the doubt until they prove otherwise. |
| Characteristics of trustworthy managers | Response |
| Individual person with specific individuals. | Trust-based relationships tend to emerge through interaction |
| Confidentiality | Someone in whom you can confide and be honest in the absence of fear, judgment or recrimination. |
| Professionalism | Professional competence and commitment to the values of the nursing profession. Able to delegate to others if necessary. The perception that someone is objective, fair and shows professional distance when dealing with others. |
| Accessible and approachable | Visible, involved, 'hands-on approach' |
| Leadership | Setting good example through best practice, good judgment, been honest, supportive and influential. |
| Mistrust | Response |
| Teamwork and patient care | Mistrust undermines teamwork, increases monitoring of others, labour turnover, absenteeism and increases destructive conflict. |

CONCLUSION

In building up trust managers should consider introducing organizational communication structures and systems. They should ensure that staff are more involved and have a greater understanding of the nature of organizational change and the rationale behind it. Managers should ensure that staff feel supported in their work. Recruitment and selection processes should favour the employment of managers that possess high standards of professionalism,

competence and commitment, that line managers are good communicators, have a 'hands on' style of management and demonstrate leadership capabilities. The organization is more likely to have a high level of trust if it employs managers who possess these qualities.

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CONSISTENT COMMUNICATION IS KEY

For veteran IR consultant Tony Plunkett one of the key mistakes of managements is to 'make promises and not deliver on them'. It simply puts thing further back then where you started' he believes. And key to his approach is challenging managers as well as unions to change, he says.

The bottom line is that workforces who are not communicated with should not be expected to change at a moments notice if they are not talked to on a regular basis, he argues.

Tony started his career as a teacher in Coolock in the 1970s. Having spent a year at the front of the class and after doing a H Dip, he applied for a job as a training officer in Cadburys. He spent three years there and then, thirty years ago he says it was a great place to learn how businesses should be run. "It was a highly organised place" he recalls.

"THE VALUE OF EXPERIENCE"

Then he went to Anco to administer European Money and ESF funding. He readily admits he found it hard to "hack" the semi state environment at the time and decided to move on again.

One of the companies he was working with was Dublin Meat Packers who asked him to join as a personnel manager giving him first experience of the broad personnel role. He spent four years there at what was then the biggest lamb exporter in the country at the time.

The company invested in the business at the wrong time and it went belly up. Goodman later bought it and Plunkett eventually decided moved on. His next port of call was the Irish Press in 1984 which at the time was trying to make the switch from hot metal page production to direct input.

PRESS BLUES

At the Press, Plunkett was initially involved with ESF funding for the less than painless changes and there was a huge administrative job involved. At the time, Pat Lunny was looking after the core personnel and industrial relations.

Tony however later broadened his role into IR. "The job was about finding different ways to say no at every meeting and it was tough times." It was to be his first serious exposure to fully blown resistance to change. "The tide was coming in and people were refusing to see it" he says looking back at the time.

"The solution which was arrived at finally through negotiations was sub optimal". He decided after four years to part with the Press and he went to Northern Ireland to work for a subsidiary of Grand Metropolitan which made cheese.

"It was the time of fair employment legislation, where the employment in a particular location had to reflect the balance within the community in general". The amusing thing was that he was the first HR Manager in a significantly loyalist location as well as being a catholic from Dublin.

"I was responsible for three factories in Northern Ireland. It was scary and interesting and I was getting advice from the local constabulary but I did not encounter hostility".

The previous owner had been Ranks Hovis Mc Dougall who were very benevolent and benign employers while Grand Met who took it over were more businesses focussed. "I was imposing UK principals and made for an interesting tour of duty. I got on well with the unions though".

ABBOTT

He then went to Abbott in Cootehill in Cavan which makes babyfood. "It is a tremendously well run company and one which understands what change is all about in an active way. They just do not talk about it they literally walk the talk". Key channels and processes and structures promoted change on a 'business as usual basis'.

Abbott was strong on communication full stop and took it seriously, he says.

People who were non-union got an annual review. "People could run with the company or run with the union and there was very little aggro". People were not discouraged from

joining the union. Sometimes people wanted the protection of the union and other occasions people who were well disposed to the company kept away from it".

Plunkett says there was no problem with the unions. The Abbott climate also fostered employee involvement, but in what was a serious way.

"Very often companies just say it, write it but do not do it. Abbott was different, it was in the air, in the water and it came from the US and this was the way they did business".

"If the man at the top is promoting these things than they have a much better chance of success".

They dealt with the engineering unions and SIPTU.

In Cootehill they tried to involve staff in decision-making about the running of the factory and dealing with up-front gripes in the process.

"The roll out was successful. We were mainly manufacturing, needed more millions of tons of product. And it worked swimmingly". The plant has since grown, been heavily invested in and changed beyond recognition.

"With Abbott there is no big bag. They just go and do, no publicity but they do a lot of things very well". If I had money to invest that is where it would go, he adds.

PACKARD

Then he got an approach from Packard Ireland in 1991 to run the Irish operation from a HR point of view. "It was a real sea change from Abbott and an environment where there was no sense that what was good for the company could be good for us".

Packard, a specialist in car wiring systems, was a very traditional industry and back in the 1960s. "There was no sense what was good for the company could be good for us. In 1987 they had a major strike, and a German

CONSISTENT COMMUNICATION IS KEY cont.

was brought into clean it out with helicopters etc". But while the company may have won "the war" they did not win the peace and problems began festering again.

Problems re-surfaced in 1991 in the two union plant with SIPTU and the ATGWU. The Irish operation was seen as high cost and highly inflexible. But if you had flexibility you can tolerate some level of high cost.

"If the demarcations that were there remained the place did not have a future and we tried to explain that." The company tried to introduce team work with limited success.

There were many people who could not adjust and found it a problem. Britain and Ireland then became a single unit and he took over responsibility for both plants. The famous David Shram also emerged on the scene.

MOVE EAST

Then Plunkett moved to Eastern Europe where GM were taking over plants and trying to integrate them. This allowed him to see Packard Ireland in a new way.

Ultimately it was not about costs just about flexibility and being quick on their feet and Plunkett cites the case of Spain as a high cost country which managed to survive in a highly competitive business.

He spent four years with Packard Electric Europe and then jointed Glanbia as HR Director of Avonmore. He later become HR Director of Glanbia following the merger of Avonmore and Waterford.

"We navigated it and we did not have a single day lost through a strike or industrial action but it did hit people and areas hard" he admits now.

They needed to define a new culture for the organisation as a merged entity. "We got the executives together and tried to define what Glanbia was about with values, culture and mission".

Looking back the merger did not work in financial terms. They also did work with Mc Kinseys. The core lesson was that the company was involved in too many sites and too many businesses.

"The problem was that we were trying to be all things to all men and you cannot do it"

There were 12 different business and the key issue was which one do you invest in. We were in very traditional areas and it was difficult to get into out of them.

They installed a major programme of communication. The big weakness among managers is espousing the importance of change and consultation and then not doing the actual consulting with people.

"Ask 17 or 18 people they will say they heard it all before and they usually will. I just worry about managers. Plunkett says that if you want people to communicate you have to make them feel part of the organisation.

The worst thing is making the promise and not delivering on it. Managers often act like their own worst enemies and sometimes do not think things through.

"It is one of the most frustrating things I have ever heard. All this happy talk and no delivery. You end up back further than where you started".

Plunkett says that he really genuinely believes there is a huge amount of talent in organisations which remains untapped. "If an organisations says there are not interested in this sort of stuff....."

Working in Jacobs he says that he challenges managers as much as union guys. "The unions see this and sometimes it give you credibility".

NO TO 'YES' MEN

HR "yes" men are no good to themselves or to the organisation. "You need to take the helicopter view".

The role is about being an influencer in terms of the organisation.

Plunkett thinks that managers and most people understand that change is a given. "People understand it at a macro level but not how it works on the ground". When they personally are affected they have second thoughts.

"Organisations do not communicate, you only hear from them when they are in trouble. But don't expect people to say 'we have got to change' if you never talk to your workforce on regular basis.

"People talk about talk but do not put the building blocks in place". Organisationally there are huge gaps in this regard.

Unions themselves are beginning to understand the change agenda. "Where the things falls down is that people are always not influenced at a local level. You go into a plant and you have a couple of dinosaurs there who are part of the 'brothers out' brigade but there are not representative.

Many union people privately recognise that change is necessary but sometimes they say to themselves "well these guys, the members are paying the wages".

"The issue is whether or not we could have an education programme as to the way the world us has changed".

Unions need to help people understand that there is a connection between being a consumer and being a flexible worker. The onus is on the union if management said it they would not have the credibility.

"At the end of the day if people do not embrace change they will lose their jobs".

One of the downsides of national bargaining is that people have lost the ability to bring issues to finality.

Plunkett says when he sees into going into the national dispute settling bodies he wonders what people are at. Maybe there should be a fence which people have to jump before they get into dispute settling bodies.

Plunkett says you have to acknowledge the value of national partnership. There have been some cases where management have taken liberties.

Overall, the IR climate is in good shape. Now some of the downwind from the current economic climate may have an impact on industrial relations.



NEW SOCIAL CONTRACT FOR TRAINING IS URGED BY FORFAS CHIEF

There are major challenges ahead for Ireland in the area of re-orientating training according to the chairman of Forfas. And a new social contract with re-training at its core is required, he adds.

According to Eoin O Driscoll most of Ireland's growth historically has been export-led. But the picture has changed more in recent times. From 2002 onwards, growth here changed and was driven by three things; consumer demand, construction and government spending with net exports not contributing as much as it had to growth.

"It probably is no harm that the spending side of growth is beginning to slow and might actually help the earnings side going forward." We still have a higher growth better than our European neighbours,"

BIG CHALLENGE

The big challenge as O Driscoll sees it flows from the fact that Ireland is now a high cost, high wage economy. "We don't want to go back from that. People enjoy having more money than their European peers".

The key challenge he says is can Ireland be productive enough for innovative enough for the goods and services we use to keep the lifestyle to which we have become accustomed.

"If you look at manufacturing, it is clear that we are going to be severely challenged there. So we need to move from the manufacturing of commodity goods to manufacturing which has a higher value component to it".

In effect, Ireland has to ensure that what we are producing has a value in it so people will pay a premium price for it.

This will mean a significant change and adjustment but one which is underpinned by what is going on in the strategy for science, technology and innovation in terms of building more value added type activities.

The difficulty is that it will mean huge re-adjustments in the type of work which will be available for people, O Driscoll adds.

"That is fine if people are equipped to go and move into higher value activities. But the challenge comes in terms of the proportion of the workforce who are not equipped to make this transition, the Forfas chief says.

There are about 500,000 people in the workforce who have a primary or a lower secondary level qualification and they are the ones who struggle in that situation.

NOT QUICK ENOUGH

"We are not looking quickly enough at how we re-skill these people". The crunch issue for O Driscoll is that this change is not being internalised by individuals, by companies or by the Government.

Our level of life long Ireland is way below that of our peers and Ireland is way down the graph. Even though Ireland has a very educated workforce, it has an under educated workforce for the kinds of jobs which are coming at them.

The time to intervene is when people are in employment. This was the thinking behind the whole one step up strategy. FÁS have driven this in a very hard way. There should be some orientation of credit, he argues.

The disincentive because of the cost of education. The Government will not adjust the economics of the education system.

Even though individuals look at their own employability, companies no longer offer people a job for life but they have a moral responsibility to worry about their employability into the longer term.

"We need a new form of partnership around employability. The big shift is what is going to happen at lower level assembly type jobs when we can no longer compete for them.

The other big shift is the shift in services and this requires people to have different training. The key issue is how do you change people for a shifting situation.

There needs to be fuller debate and discussion. If you have people fully prepared for a change they will embrace it.

But people have done well over the last couple of years and there is a culture of comfort working and the question is when we face further competitive pressures, he adds.

"We do need to worry about our cost base but we should aspire to being a high wage economy and being high value. You can only get high value for what you do if it is somehow differentiated or merits a premium."

And in this context a key issue is how do you preserve the lifestyle of people in the older system.

"We have 17% of people who do not get the Leaving Cert or its equivalent. Only 4 out of the 5 people who are coming through the system are capable of playing on the team and this needs to be tackled. This group are lost to being productive."

Otherwise, it leads to US-style huge polarisation or "ncredible wealth combined with people flipping burgers for a living."

One in five coming into workforce could fall into this category. Of the 2 million at work, there are about 500,000 who could fall into this class. This is the fundamental shift that is required. Lots of companies are very progressive in terms of allowing people to upskill but it is the people with degrees who we need to focus on.

In effect, Ireland needs to work at the level below the MBA's.

Education, O Driscoll argues, is still very focussed around what the producers are doing

NEW SOCIAL CONTRACT FOR TRAINING IS URGED BY FORFAS CHIEF cont.

as opposed to what the learners actually want. NCI has been very progressive in this regard he says.

"We are taking about a seismic shift". Because Ireland has advertised itself as having a very young workforce, we are forgetting that the others are not participating. If we have a relatively low cost base it is not a big issue. There is no longer any manual work."

The big changes need to happen at first and second level according to the Forfas chairman. FAS have to embrace it, and target people in employment. The IT's and the Universities going some way along the path with modularisation and transferable credits, he says.

The biggest issue is with individuals themselves getting concerned and really worrying about their own employability.

"We have got to have a new transaction. Not I do not owe you a job but I owe you a skills and training. Not in a similar company but skills themselves. You need a social contract by employers. They only tend to do it during a crisis. It is the ultimate kind of social partnership and more important than pay".

The policy comes down to the maximum number of people firing on all cylinders.

The other thing that needs to be looked at disincentives.

"If you are 25 and you go back at night you pay fees. Your neighbour gets it. Maybe people should be allowed configure their education around their personal needs and arrange the timing in the way that they want themselves".

There is a need for financial provision for funding adult learners of all ages. There should be three levels of funding: the individual, the companies and the institutions.

There is not a crisis now, but you could see a situation where the costs were too high. We will continue to attract people. Our tax situation and our education is continuing to attract people in spite of our rising cost base, he argues.

We are being more successful at building up indigenous industry.

If you look at things outside of Dublin, there is a lot of manufacturing out of the city.

The Department of Enterprise, Trade and Employment are conscious of it, so are IBEC and ICTU. The issue is a logical follow on from globalisation and where Ireland stands at the moment.

TOWARDS 2016

O Driscoll is strong on the achievements of social partnership and its ability to find and support solutions at a time of national crisis. The agreements brought along all sections of society simultaneously in the past, he says. The difficulty which we now face from his angle has to do with pay.

"All the different benchmarks would say that public service pay is significantly higher than rewards in the private sector.

"I get concerned when you look at almost any benchmark, we have huge wealth being generated but I feel there is a sense that things are moving up. We are an open economy. The sectors open to competition are facing intense competition. If we insulate. We need to open up sectors of the economy which are not open to competition. If we insulate sectors we will just come under pressure.

Partnership is a highly centralised system now, he argues. There is little flexibility to respond to individual business sectors. The inflation of public sector services is high. People in the ESB are incredibly highly paid. Teachers are highly paid and that is good. The difficulty is that it all becomes relative. Everything is higher here. Ultimately it all gets paid from the productive sector and if the productive sector cannot bear those costs it sinks.

O Driscoll says that if you talk to FDI managers here, their costs are being measured monthly. "If your costs are higher you have to be more productive".

If the country pays itself 8% when everything else is 2% then you have a worry. More and more the multi nationals are beginning to voice issues about costs. Other parts of the economy will gradually feel the same pressures.

UK education costs are cheaper than here, accommodation costs are cheaper. In time, will people migrate to the UK for their education because of their costs, he asks.

The reality is that if you are in the private sector and you want to hire someone in the public sector who is past the age of 40 and who has a defined benefit scheme, the chances are you could not afford the same benefit package.

O Driscoll says that the objectives of the first report of benchmarking were achieved, ie putting in a new system and avoiding excesses. Overall, he says the process has been a disappointment. There is a general sense that the level of service does not meet the needs of society.

There is a higher demand for services and they will be hard to deliver. The question is are we paying ourselves too much? The answer is relative. O Driscoll says that he is not optimistic.

One of the problems is that the calls for restraint come from people who are on three or four million a year.

The Forfas chief says that is difficult for the private sector to meet the pay levels dictated by the private sector.

You can no longer set an appropriate level of pay for a country. Maybe we need sector norms. The EU Services Directive will dictate things itself.

"You probably needed a national framework when the minimum wage was low. In an economy as open as ours it is impossible to work just with a national framework.

BOOK REVIEW

**Saving the Future by Tim Hastings, Brian Sheehan and Padraig Yeates
Published by Blackhall Publishing at €20**

By Padraig O hUiginn



The IMPACT trade union and its General Secretary, Peter McLoone, deserve special thanks and recognition for their foresight in commissioning and publishing this book. As a participant myself in the process, I would like to emphasise a number of points which I consider were crucial in bringing about Social Partnership with all the validity and relevance which has sustained it these 21 years with the support of all Governments and political parties without which it could not have long survived.

The first point – which is also made in the book – is that Social Partnership, which involved a wide array of economic and social policies and not just pay policy was facilitated by Mr. Haughey's decisions when he became Taoiseach in 1979 to strengthen his Department's role in economic and social policy. The Cabinet system with its diffusion of policy gestation has many merits but Mr. Haughey considered that as the Chief Executive, so to speak, of the Government, he should have, when necessary, a leadership role in economic and social policy. He, therefore, set up an Economic and Social Policy Division in his Department of which I was the First Assistant Secretary with Dr. Noel Whelan, former Secretary-General, Department of Economic and Social Planning, as Second Secretary in the Department. Mr. Haughey was not unique in this operational development of his Department. Similar trends developed throughout the OECD under stress of the oil-induced crises of the seventies and eighties.

The existence of such a central focus in the Taoiseach's Department gave a mechanism whereby Social Partnership, which embraced so wide a spectrum of policy issues could in due course, be negotiated in a coherent and authoritative way. Such central focus has been continued, as far as I know, through all administrations since.

The activity of such central focus, where appropriate, is evident in such decisions as the introduction of Section 23 to stimulate house-building and urban renewal, seaside resort development, hotel development and other construction objectives; tax relief for investment in film-making; the setting up of the National Treasury Management Agency; the International Financial Services Centre; the Task Force on Tourism; the Voluntary Retirement Scheme for Public Servants; the decision Mr. Haughey, as President of the European Council, to meet inauspiciously the President of the United States; the preparation of the Economic Plan, The Way Forward in 1982 and the dramatic and decisive breaking of the public service

in 1982 in order to contain the Exchequer Deficit. Another point I would like to emphasize is the Programme for National Recovery in 1987 was foreshadowed by The Way Forward in 1982 and the NESC Strategy for Development in 1986 both of which envisaged stern action on the Exchequer deficit accompanied by employment measures and better tax and social equity.

The decision to prepare The Way Forward plan in early 1982 envisaged consultation with social partners. Mr. Haughey's commitment to this was increased following discussions he had with Chancellor Schmidt at the European Summit that Summer. He told me how impressed he was by the agreements the Chancellor made with trade unions and employers on issues in the light of economic prospects. In the final drafting of The Way Forward, discussions were held with trade unions and employers but no agreement on its provisions proved possible.

The NESC study published in October 1986 represented a somewhat similar solution to the by then critical economic and fiscal outlook but with the essential difference that the social partners represented on the Council subscribed to the strategy. As Chairman of the Council, I had emphasised the high risk that, with servicing the National Debt already consuming one third of Exchequer Tax revenue, the day was clearly approaching when we would be unable to borrow further to fund essential services unless remedial action was taken.

When Mr. Haughey came into office in March 1987, he asked me if I thought the social partners fully supported the NESC strategy. I assured him they did, but that a balanced series of measures would have to be negotiated which would be saleable to their respective constituents. I knew he was having separate private discussions with trade unionists and employer representatives to explain that he intended to take radical remedial measures to deal with the crisis in the public finances and the economy generally and that he hoped would support him.

On his first day in office, he invited Ray MacSharry and myself to lunch in his office at which he outlined the major measures he proposed to take immediately. These included:

- a) A lower current budget deficit for 1987 than the outgoing Government had proposed.
- b) The negotiation with the social partners of an economic and social programme based on the NESC strategy. In those negotiations, I was to be responsible directly to him and the Minister for Finance.

- c) The development of an International Financial Services Centre on lines recommended to him by Dermot Desmond.
- d) Measures to restrict Cross-Border shopping which was leaking 250m punts a year out of the economy even though the EC would oppose such measures.

I would also like to emphasise that beyond all the economic and social analysis, there was between Government and social partners an over-arching sense of patriotism which would not permit our ancient nation, which has struggled and suffered so much to achieve its independence, to become bankrupt in our collective charge. But the determining factor was the influence and decisiveness of Mr Haughey which encouraged all the other participants to come to an acceptable agreement.

Finally, I would like briefly to summarise the economic miracle which Social Partnership initiated:

- 1) The Exchequer Deficit of 12% of GNP in 1986 was reduced to 1.9% by 1990.
- 2) The current budget deficit of 7.8% in 1986 was reduced to 0.6% by 1990.
- 3) Unemployment which was at 18% in 1986 was reduced to 12.9% by 1990, a fall of 55,000.
- 4) Economic growth which declined by 0.7% of GNP in 1986 increased by nearly 20% of GNP by 1990.

Tax on income which was over 60% in 1986 is now 41% at the highest level and non-taxable income has been greatly raised. Our GNP per capita is now among the highest in Europe.

Finally, there are two issues which Social Partnership, in my view, should now remedy. The first is to raise the school-leaving age – be it academic or apprenticeship studies – to 18 years; there is no economic place in the modern Ireland for those who leave education at 16 years and those who do very often become a social problem. The second is to become the first economy to eliminate poverty by international criteria; we have resources to do it.

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