The shifting contours of collective bargaining in the manufacturing sector in the Republic of Ireland: Government, employer and union responses since the economic crisis

Eugene Hickland

and

Tony Dundon

Abstract
This article examines the responses of the industrial relations actors to the economic crisis in Ireland, and the impact on collective bargaining. The data were collected at national, sectoral and workplace levels. We find the existence of both change and continuity, with increased diversity in collective bargaining in manufacturing, including a distinct shift to enterprise bargaining shaped by the capacity of management and local union representatives to adapt to wider pressures. We consider the implications for government, employers and unions.


Keywords: social partnership, Troika, trade unions, collective bargaining, Ireland
Introduction

The Irish system of industrial relations has been significantly affected by the economic crisis. Ireland’s famed ‘Celtic Tiger’ era ended with the sudden and dramatic collapse of the country’s corporatist model of social partnership (McDonough and Dundon, 2010; Roche, 2011). The housing bubble, a banking crisis and the public sector wage deficit led to the arrival of the ‘Troika’ of the ECB, IMF and EU with a programme of financial stabilization and reform (Whelan, 2013: 2). As with other ‘bailout’ countries, collective bargaining and employment regulation are deeply rooted in a global framework of financialized capitalism which has been heavily influenced by EU market and monetary policies (Lehndorff, 2012). It is almost impossible to consider changes to collective bargaining and pay determination without acknowledging both the role of the domestic State, the ‘Troika’ and the international institutions shaping bargaining outcomes, including Ireland’s large multinationals and employer associations such as the American Chamber of Commerce (AmCham) and the largest peak employer body, Irish Business and Employers’ Confederation (IBEC) (Gunnigle et al., 2007; Turner et al., 2013).

At the end of 2013, Ireland exited the Troika financial assistance programme and there have been signs of economic improvement, with falling numbers of unemployed, although emigration continues on a large scale. Ireland is also still subject to a Troika post-programme surveillance scheme until at least 2031 (European Commission, 2014). One area that is less understood is the impact of Troika-inspired labour market reforms on the processes of collective bargaining. In this article we examine the changes since 2008 in the level, scope and form of collective bargaining in manufacturing.

In this contribution we address three questions. First, how did government, employers and trade unions respond to the crisis in the operation of collective bargaining? Second, how did the regulatory changes in the industrial relations structures, influenced by Troika demands, affect the scope and form of collective bargaining? Finally, how did trade unions and employers adapt to these changes and in particular the shift to enterprise-level bargaining?

In the next section we outline the methodology used in gathering and analysing the data. We then analyse the development and collapse of Ireland’s corporatist pacts and the role played by the Irish trade unions. We go on to review the plethora of industrial relations reforms, including the challenges they pose for trade unions, and then discuss evidence obtained through case study interviews at national and company levels regarding the impact of the economic crisis and the responses of employers and unions. In the final section we argue that these responses reflect elements of both continuity and change, in a form of bricolage (Crouch, 2005; Lévi-Strauss, 1966) whereby actors produce new institutional combinations out of structures which already exist. Thus the role of agency is found to be an important conduit and explanation to the changes reported.

Methodology

The fieldwork was designed to discover how the economic crisis affected the nature and form of collective bargaining in the unionized manufacturing sector in Ireland. The manufacturing sector employs over 200,000 people directly and a similar number indirectly, out of a labour force of roughly 2 million. There are approximately 12,790 enterprises, 95 percent of which employ fewer than 50 people (CSO, 2010). Foreign-owned companies employ over 91,000 people directly, across 527 plants including many leading firms in the chemicals and pharmaceutical, ICT, optical, medical technology and food sectors (Forfás, 2012); these firms account for over 80 percent of total industrial production (CSO, 2014). Many multinational corporations (MNCs) in Ireland have developed sophisticated union avoidance strategies (Gunnigle et al., 2007).

The research design involved three complementary levels of data collection (national, sectoral and workplace) and a subsequent national follow-up meeting with senior key respondents to reflect and report back on our interpretation of the findings. 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 or as key persons for their organizations. Each company referred to in this article was promised anonymity. In each case, we interviewed management, union representatives and shop stewards. Table 1 provides summary information on the case study workplaces. The rationale for case selection was to obtain a representative sample of manufacturing: pharmaceuticals; medical devices; metals and food and beverage, geographically dispersed and of varying size. There is added variability in the selection of cases as the crisis had little (if any) discernible impact in two of the cases, while the other three were significantly affected and experienced major restructuring.

[Table 1 about here]

The institutional framework before the crisis

Irish industrial relations derived from the UK voluntarist system, providing similar approaches such as trade union immunities in legislation and general public policy support for collective bargaining. Traditionally voluntarism, as practised up to the late 1970s, was interpreted as trade union and employer opposition to direct legal intervention, thus allowing the parties to regulate their own procedures largely free from state regulation of workplace rules (D’Art et al., 2013: 13). The role of the government was primarily to ‘hold the ring’ by establishing the Labour Court for dispute resolution, outlawing certain working practices, introducing minimum employment standards and enacting occupational health and safety regulations. Membership of the EU has had a profound impact on Irish industrial relations, supporting protective employment laws over the last 30 years. In recent years the government has tended to provide individual employment rights or a basic floor of rights, many arising from the transposition of EU Directives which promote individual protections rather than endorsing collectivism (D’Art et al., 2013).

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 (Adshead and Millar, 2003). A distinguishing feature of the Irish economy from 1987 until the economic crisis of 2009 was the dominance of national corporatism as the platform for social dialogue. Seven peak-level pacts were agreed in response to the economic problems Ireland faced in the 1980s; the new system became known as social partnership. Sectoral bargaining has not been well established, except for a few low-paid activities. Roche (2011) suggests that Ireland’s social partnership model gained an international reputation for versatility. It has been described variously as a new form of ‘voluntary’ regulation among social partners, with economic and political governance embedded into the institutions of the state (Hardiman, 2010; Teague and Donaghey, 2009). Others argue that Irish social partnership was a series of ‘wage bargains’ conducted by elite networks with access to government executive power (Regan, 2012). In reality the term ‘social partnership’ was a post-facto one, not mentioned at all in the first programme, and both the institutions and terminology emerged during subsequent negotiations (O’Donnell, 2008).

Ireland, like the UK, is described as a liberal market economy (Dundon and Dobbins, 2015). The macro-level bargaining system entailed by social partnership can be seen as a ‘light-touch’ or ‘minimalist’ regulatory model. Baccaro and Lim (2007) describe Ireland’s social partnership as born of the twin weaknesses of the state in response to poor prevailing economic conditions and a trade union movement fearful that the government would respond to the economic crisis following the example of Thatcher in Britain (McDonough and Dundon, 2010). Social partnership was the principal mechanism of Ireland’s political economy for over 21 years. It was not, however, a partnership of equals embedded at all levels of Irish society, but one based on voluntary peak-level agreements within liberal orientated market corporatism, which the government unilaterally abandoned in 2009 (Regan, 2012).

Economic crisis
The economic crisis erupting from 2008 had a profound effect on the Irish economy and the structures of labour market regulation: increased unemployment and emigration, particularly affecting young people, and the collapse of the national system of social partnership. From 2009 the centre-right Fianna Fáil-Green Party coalition government (defeated in the February 2011 election) imposed a range of austerity measures in an attempt to stem the crisis. The first casualty was the consensus corporatist approach embodied in social partnership, as the government imposed unilateral policies rather than collectively negotiated solutions (Carney et al., 2012; McDonough and Dundon, 2010). In effect, social partnership began to unravel in the talks on a new deal in 2008 and this signalled a shift from national to enterprise level collective bargaining. The new centre right Fine Gael-Labour Party coalition elected in 2011 continued to implement austerity measures in response to the Troika demands. These have included further privatizations of state assets such as the national gas network, the national lottery and the remaining shares in the former state airline Aer Lingus.

In November 2010, mounting debt problems forced the government to apply for a €85 billion bailout from the Troika in addition to bilateral loans from Denmark, Sweden and the UK (European Commission, 2014). Ireland successfully completed a number of reviews under the Programme, and formally exited the bailout in December 2013. There have been substantial restructuring and job losses since 2008, and unemployment rose rapidly to 15.1 percent in February 2012 (CSO, 2014). The accumulated government debt €66 billion in 2012 reached, mainly because of recapitalizing or buying the debts of private sector banks. National debt increased from 20 percent of GDP in 2007 to 84 percent in 2012, and the general government debt from 25 percent of GDP in 2007 to 117 percent in 2012 (Department of Finance, 2016) An IMF paper (Laeven and Valencia, 2012) estimated that Ireland’s banking crisis was one of the most severe in world economic history. The Troika bailout package was not just financial but included a programme of major reforms of labour market regulation, particularly the creation of new employment rights and industrial relations bodies, along with changes to wage-setting mechanisms in key economic sectors (Barnard, 2012; Regan, 2012). Thus the changed industrial relations regulatory landscape posed new threats to the ability of trade unions to defend or advance the interests of their members.

Responses since the crisis at national level

The Fianna Fáil-Green Party government unilaterally imposed a number of financial emergency measures, including a reduction of the national minimum wage by €1 per hour to €7.65 in February 2011. This measure formed part of its four-year economic recovery plan under the Troika programme. There was a high-profile industrial dispute in early 2011 at the Davenport Hotel in Dublin over cuts to workers’ pay, following the decision to reduce the minimum wage. The workers won their dispute, which galvanized public opposition to the decision to cut the minimum wage. In response, the new Fine Gael-Labour government restored the minimum wage to €8.65 from July 2011.

In conjunction with the Troika programme, employers had been challenging the legal status of employment contracts issued in low-paid sectors under the 1946 Industrial Relations Act. A legal challenge in the High Court resulted in a ruling in July 2011 that the relevant provisions of the 1946 Act were invalid. The Industrial Relations (Amendment) Act 2012 was adopted to offer some legal protection through Registered Employment Agreements (REA) and Joint Labour Committees (JLC) which could set pay and conditions in certain low paid sectors. A further legal challenge resulted in the judgment of the Supreme Court in May 2013 that REAs were unconstitutional. To date, the Irish government has made a number of attempts to bring in legislation to put the REA/JLC system on a proper legal footing, most recently in 2015.

One of the important changes introduced by the 2012 Act included an ‘inability to pay’ clause for employers. In the Quarter 4 2011 review of the Troika programme, it was agreed that the government would bring in new legislation allowing employers a temporary period of time to claim inability to pay, and such derogations from REA/JLC pay agreements could be extended for a two-year period. The political rationale for these diminished worker rights was that the REA/JLC system added to labour costs, although this has been disputed (Turner and O’Sullivan, 2013). Overall, labour market reforms in the formerly protected low-paid sectors were of a punitive nature, and risk
rendering the once protected bargaining system almost non-existent; this forms part of a wider European trend of increasing derogations from industry-level agreements (Hendy, 2014).

Previous reforms of employment relations in past decades saw enhanced individual employment rights, which contributed to an increased use of quasi-legalistic approaches rather than a collective-based rights agenda. Indeed the latter trend was supported by the 2011 Troika agreements. For example, the five existing Irish workplace relations bodies were replaced by a new two-tier structure: a new Workplace Relations Commission (WRC) and an expanded Labour Court remit in the REA/JLC sectors. The WRC took over 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 in 2015. There are deep concerns among trade unions and other practitioners that the new architecture will have an imbalance between rights and interests, with fears that there could be a diminution of traditional solutions within the broader dispute resolution system (Prendergast, 2014).

The end of national partnership afforded IBEC an opportunity to reconsider its activities, and as a result it instituted a strategic shift in orientation. Most of its members operate in non-unionized environments, and it was deemed no longer necessary for collective bargaining to be a main function. Indeed, industrial relations is not even mentioned in the briefing document announcing the new direction of the organization (Sheehan, 2013).

Private sector employers responded to the crisis by cutting basic pay or freezing it at pre-crisis levels. IBEC Quarterly Business Sentiment Survey for 2009 showed 56 percent of employers freezing pay and 25 percent imposing cuts. A smaller minority had moderate pay increases 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, employers implemented change without systematically withdrawing from engagement with unions (Teague and Roche, 2014). Nonetheless, some employer groups, notably IBEC, were more sympathetic to a non-union style (shaped by explicit attachments to foreign multinationals) than to maintaining or extending collective bargaining with unions. One respondent summed-up an emerging pattern in some (but not all) private sector employers:

Since the onset of the economic crisis there is no collective bargaining as I see it; it just doesn’t happen any more. 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.

Gumbrell-McCormick and Hyman (2013) argue that unions facing hard times need to make hard choices in order to develop strategic capacity and revitalize in the face of bargaining adversity. In the dire economic conditions that prevailed in Ireland from 2008, the trade union movement felt the backlash of public opinion, particularly against public sector workers. The crisis and the change in the balance of power had weakened the trade union movement (Wall, 2010). In response, the peak union organization, the Irish Congress of Trade Unions (ICTU), focused on institutional renewal, discussing future amalgamations and promoting a renewed emphasis on organizing. As part of the discussions on renewal, the ICTU (2011) issued a discussion document called Future Positive: Trade Unions and the Common Good, which is a series of proposals to remodel ICTU structures along similar lines to those adopted by Dutch unions. The largest union and the main manufacturing union, the Services Industrial Professional and Technical Union (SIPTU), along with the shopworkers’ union MANDATE, each established an organizing department to increase membership. ICTU also helped create a union-sponsored thinktank, the Nevin Economic Research Institute, to provide unions and the public with non-mainstream economic analysis and commentary.

SIPTU decided in 2010 that pay gains rather than continued concessions were needed to support union legitimacy and revitalize the role of union bargaining. The main element of the strategy was to obtain a wage rise in line with the current trends in Germany and the ECB forecasts, which allowed the demands to appear ‘moderate’. The consequent pay campaign became known as the ‘2 percent strategy’. Key elements of the strategy were first, that there would be no public announcements; it would be pursued ‘under the radar’ of press and media. Second, bargaining would be localized and conducted directly between companies and the union without any outside third
parties, in particular to exclude employers’ associations or management consultancies as well as the state industrial relations agencies, at least initially. A third key feature was a campaign of incremental and modest pay increases across the manufacturing sector. The strategy targeted leading firms which were known to be profitable despite the recession and had the ability to pay higher wages, mostly unionized MNCs. This could be then used as a precedent in other firms in the same sub-sectors of manufacturing. In 2010 SIPTU achieved strategically targeted pay increases in key companies, which were seen as crucial to its efforts at restarting collective bargaining. A national officer explained:

The five to six deals from the 2 percent strategy in 2010 were highly significant wins for the union. Localized 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.

Typically the deals obtained by SIPTU under the 2 percent strategy were used as a comparator or benchmark figure in the following years in Labour Court cases, and were utilized very effectively by other unions in pay disputes. Many of the agreements were multi-year, rising from 19 months in 2010 to 2.5 year deals agreed in several 2014 pay negotiations. In other words the 2 percent was a median figure around which negotiations were commenced. The pace in the manufacturing sector quickened, with SIPTU achieving 35 such agreements in 2011 and 75 in 2013, some of which union officers described as ‘2 percent second-rounders’. The SIPTU database, made available to the authors, shows the campaign resulted in over 220 collective agreements between 2010 and 2014, covering upwards of 50,000 manufacturing workers.

Workplace adaptation: Micro-level outcomes and case study evidence

The impact of the crisis varied from one company to another. Of the five cases discussed here, MedCo faced a threat of total closure, MetalCo and FoodCo encountered drastic falls in customer orders; these three companies underwent major restructuring. In contrast, two companies experienced little impact, although PharmaCo faced an end-of-product crisis, while MedivCo experienced the least impact. The data gathered indicate a range of pragmatic and strategic responses in the absence of national partnership mechanisms on behalf of employers and unions, which reflected the fracturing of the regulatory space for industrial relations after crisis.

MedCo manufactures contact lenses and other eye-care products, with 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 new management unilaterally announced a 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 in running costs by means of 200 redundancies and a 20 percent cut in pay. The workers 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. Employees voted overwhelmingly in favour of a deal negotiated by SIPTU and the electrical craft workers’ union. This involved €18.5 million cost-cutting, not the full €20m originally demanded, a 7.5 percent reduction in basic pay, elimination of some bonuses, one hour added to the working week, a reduced sick pay scheme, removal of subsidies for the canteen facilities and an improved package for the 200 workers being made redundant. A union official explained that

The serious or ‘mature manner’ [as the management said 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 hard one to bring back to the plant as we had to surrender many of 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.
Managers at MedCo were of the clear opinion that the factory would have closed without the union, and the HR manager said: ‘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’.

In FoodCo and MetalCo, the crisis resulted in a collapse of customer orders from 2008, and in both cases avoiding closure and restructuring was of paramount concern. Managers and unions negotiated intensely for 18 months in the case of FoodCo. In both cases the initial shock of the crisis was handled through agreed reductions in working time and protection of employment for core employees. In essence the unions were concession bargaining to protect jobs, and the companies pursued an agenda of obtaining efficiencies in work practices in plant level restructuring. One union representative in FoodCo said that ‘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’. Another union steward described 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.

Neither FoodCo nor MetalCo used IBEC or any consultants in their negotiations. For the unions, no outside interference in the process was essential. In the words of an official:

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.

There were interesting and contrasting reactions from the workers regarding the lengthy negotiations in both cases with one HR Manager saying:

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 two companies unaffected by the crisis were MedivCo and PharmaCo, but both management groups used the crisis and the prevailing economic gloom to pursue cost reductions. In the absence of national partnership, the fractured regulatory space in Irish IR facilitated plant management to become more aggressive. A 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 percent and added a clause for ‘ongoing change’ at the last minute. We signed off on that and spent the next 6 months getting them to define ‘ongoing’, 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 HR Manager in MedivCo made the point that they sought to cut back on agreements using the crisis:

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 percent 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 crises.

Discussion

Our findings point to four main developments in collective bargaining and labour market regulation since the crisis: varied employer preferences; pragmatic union strategizing; an extended neo-liberalized state role; and enterprise-centred bargaining coverage. While actor responses vary by level, context and extent of labour market reform, the significant role of agency, and especially local union workplace activists in shaping outcomes, is of central importance. The contours of the four overlapping bargaining and regulation features are elaborated below.

‘Varied employer preferences’ appear highly practical and rationale, yet also signal underlying tensions among and within employer groups. Significantly, managers reported and actively endorsed continued support for robust collective bargaining. Notwithstanding some managerial concerns about the length of time to conclude negotiations, the evidence shows that employers who continued to bargain collectively achieved a high degree of stability and predictability in their operations. Above all, these employer groups favoured bargaining as an effective means to persuade workers to recognise and adapt to change in response to exogenous global market forces. However, tensions are evident, as some key plant managers have opted either to abandon long-established forms of assistance from the main employer federation, IBEC, or to seek new forms of external support from a growing managerial class of consultants, in seeking to reconfigure the nature of collective negotiations around a managerial agenda for restructuring and downsizing. The result is a varied set of responses, and any anticipated wave of overt employer hostility or opposition to union bargaining has not proved widespread, although tensions and variability among and within employers was noted.

‘Pragmatic union strategizing’ was evident as a response to the new decentralized bargaining regime following the collapse of social partnership. In particular, SIPTU devised what may be described as a ‘2 percent-plus pay strategy’ for the manufacturing sector. The aim has been to target leading employers, initially in medical devices and pharmaceuticals, and later extended to other manufacturing areas. Consequently, individual company successes were quietly and progressively rolled-out as benchmark agreements from one employer to another. The SIPTU wage agreement database shows that the campaign has resulted in over 220 ‘2 percent-plus’ negotiated agreements across manufacturing between 2010 and 2014. It has since been reported that the use of the strategy of securing a modest ‘2 percent-plus’ pay increases for members has been replicated in other sectors, such as in retail (IRN, 2013; Prendergast, 2014a). A significant feature of the approach has been the adaptation by unions (and managers) to the shift from national (corporatist) coordination among key social partners to local enterprise negotiations. According to union respondents, change meant entering into forms of concession or plant survival bargaining. The scope and range of issues subject to collective bargaining also narrowed dramatically, often confined to job protection or, at best, minimizing the scale of a pay cut or wage freeze. At the same time, union interviewees explained they believed they had little choice but to concede managerial demands for improved productivity and greater flexibility in working arrangements. Arguably, union strategizing post-crisis has had mixed results, yet the scope of collective bargaining has become potentially more politicized at the point of production. Also there is an emphasis on narrow company-union agreements covering very basic items like pay and work patterns, which emerged in workplace negotiations which unions suggested would be a temporary position for the duration of the crisis.

The ‘extended neo-liberalized state role’ was observed in a number of alterations to the system, such as the unilateral withdrawal from national bargaining (partnership), subsequently changing national minimum wage rates (originally reduced and since restored) and amendments to the long-established low-paid worker protections through the REA/JLC system. In addition the government made a constellation of changes, including further privatization of state assets and semi-state industries, which in part were direct measures imposed by the Troika, but also the result of domestic government policy to follows patterns of neoliberal financialization. For example, JLCs provide previously legal protected rates of pay for workers in certain low-paid sectors (Turner and
O’Sullivan, 2013). Following employer legal challenges and external pressures from the Troika, the Irish government legislated to facilitate for employers to claim an ‘inability to pay’ clause to protected pay minima (Whitston, 2014). The result is a government response that has buttressed a global neoliberal project, weakening labour market institutions designed to protect those most vulnerable. Crouch (2014) makes a similar but wider argument, showing that, from the onset of the crisis, EU interventions and pressure from employers and public authorities to facilitate marketization or more responsiveness to economic and competitive conditions have been reflected in altered collective bargaining arrangements.

The continuation of social dialogue in the absence of the formal corporatist partnership arrangements is also a notable feature. The main actors in the partnership process were the government, employers and trade unions, who throughout the crisis operated a formalized and informal set of mechanisms that acted as buffers to changes brought on by the economic crisis and the Troika programmes. For instance, the government ended their unilateral changes to public sector workers’ terms and conditions by engaging with trade unions. This process resulted in three public sector ‘stability’ agreements from 2010-2015; the initial deals could be characterized as pure concession bargaining, but the Lansdowne Road agreement of 2015 restored some of the cuts in pay and conditions. In the private sector, the end of the partnership saw the removal of the National Implementation Body, the national dispute resolution body, which was replaced by two formal agreements (called Private Sector Protocols) between IBEC and ICTU on dispute resolution, to contain any major industrial disputes. There was, therefore, a framework of established mechanisms in which types of social dialogue functioned, and these processes helped buffer changes and developments in the economy.

Enterprise-centred bargaining coverage emerged, although the literature on collective bargaining coverage reports how the system tends to extend negotiated terms and conditions to other workers not directly covered by the collective agreement. The rationale for wider bargaining coverage is typically explained by sectoral, industry or national adaptation of negotiated rates, often by those party to an employer federation. Contemporary changes, however, are pointing to derogations from sectoral or national coverage to company agreements which have had a tendency to minimize or weaken unions’ collective capacity (Marginson, 2015). In Ireland the pattern changed almost overnight from national corporatism to multiple local bargaining levels, without any intermediary mechanism or formal sectoral or industry structure. Likewise, the scope of issues that are the subject of bargaining are increasingly enterprise-centric, negotiated only at the point of production. As a result, there is a potential risk of workforce exclusion from devolved and decentralized patterns of collective wage setting. It may be argued that many workers in smaller manufacturing units are now outside sectoral pay regulation. The combined responses of government, employers and unions to the proposed regulatory changes in the industrial relations architecture and workplace outcomes signal both ‘structural change’ and some ‘process continuity’ in the contours of the Irish system of collective bargaining. This is in line with a process of bricolage underpinned a pragmatic ‘logic of appropriateness’ (Crouch, 2005:88), and the change to enterprise-centred bargaining in Ireland reflects a trend that has become the institutional preference of EU bodies (Marginson and Welz, 2014).

It is evident that the economic crisis has had a profound impact on Ireland and its industrial relations system. As Laeven and Valencia (2012) point out, Ireland’s banking crisis has been one of the most severe in world economic history. We have provided an analysis of the responses of employers, the government and trade unions to labour market and collective bargaining reforms arising from the crisis and its aftermath. The Troika insistence on changes to facilitate employers’ opt-out of pay agreements reflects wider EU moves to wage marketization (Crouch, 2014). The introduction of structural changes in the industrial relations architecture --- the creation of the Workplace Relations Commission and alterations to the remit of the Labour Court --- can be described as ‘outside’ interferences that chimed with Ireland’s increasingly neoliberal trajectory. Neoliberal regimes are not static or singular. They exist across time and space and function in the plural, gravitating variously around a common core insofar as the goal is weakened labour rights and protections coupled with an expanded role for capital (Sayer, 2014). In this context, labour market ‘reform’ does not necessarily match a positive image of adaptation or the means to a new settlement, but rather imposed pain on the disadvantaged sections of the labour market. In Ireland, initial attempts
to impose austerity and reform included the punitive reduction to an already low minimum wage, though this was quickly reversed. Further regulatory changes, such as those to the protected REA/JLC system introduced in late 2015, will take time to settle before any full consideration of their impact is possible, although the early prognosis does not appear too optimistic. The decision of IBEC to cease providing comprehensive industrial relations support services to member companies has left a gap, already being filled by a new managerial consultancy class (many of whom are former IBEC officers). Trade unions are attempting to revitalize, with possible mergers and innovative ‘sector-wide’ bargaining campaigns that have had some positive spillover effects to other parts of the economy.

The future contours of collective bargaining after the crisis will most likely include further macro-level changes to the regulatory landscape. The micro-level impact of the shift to enterprise-centred bargaining has brought patterns of embedded concession bargaining mixed with pockets of robust distributive negotiation. The crisis subjected collective bargaining to considerable duress in the cases described and analysed above, and across the industrial relations system as a whole. Following the crisis, collective bargaining in Ireland has adapted and changed, yet simultaneously displayed features of remarkable continuity which will continue to influence its contours into the future.

Funding

The research for this article was supported by a grant from the European Commission, DG Employment, Social Affairs and Inclusion, ‘Industrial Relations and Social Dialogue’ VS/2013/0409.

References


Whelan, K. (2013) Ireland’s Economic Crisis: The Good, the Bad and the Ugly

Author biographies

Eugene Hickland is Lecturer in Management at the National University of Ireland, Galway, Ireland.

Tony Dundon is Professor of Human Resource Management and Employment Relations at Alliance Manchester Business School, UK.
Table 1. Case study workplaces

<table>
<thead>
<tr>
<th>Company</th>
<th>Products</th>
<th>Workforce size</th>
<th>Impact of crisis</th>
<th>Restructuring</th>
</tr>
</thead>
<tbody>
<tr>
<td>MetalCo</td>
<td>Metals, machinery</td>
<td>850</td>
<td>Significant</td>
<td>Significant and initially crisis-led</td>
</tr>
<tr>
<td>FoodCo</td>
<td>Food and drink</td>
<td>200</td>
<td>Significant</td>
<td>Significant and initially crisis-led</td>
</tr>
<tr>
<td>PharmaCo</td>
<td>Pharmaceuticals</td>
<td>650</td>
<td>Minimal</td>
<td>Minimal, influenced by new ownership</td>
</tr>
<tr>
<td>MedCo</td>
<td>Medical devices</td>
<td>1000</td>
<td>Some</td>
<td>Significant, partially crisis-led, influenced by venture capitalist buy-out. Planned closure aborted</td>
</tr>
<tr>
<td>MedivCo</td>
<td>Medical devices</td>
<td>2400</td>
<td>Minimal</td>
<td>Minimal</td>
</tr>
</tbody>
</table>