

# Mind the gap: Ireland: Employer perspective

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Jean McCarthy

## INTRODUCTION

In this paper, we present information about the availability of human resource policies and resources that characterize quality employment in Ireland. The information presented has been selected from a variety of sources, including Ireland's National Centre for Partnership and Performance and the Chartered Institute of Personnel and Development, as well as industry surveys.

Organizations that want to remain employers-of-choice must periodically assess how shifts in the business environment might affect the effectiveness of their talent management strategies, policies and programs. Globalization and changes in the age composition of the workforce are two important 21st century trends that can have a significant impact on the need to customize and adjust core strategies and practices. Employers around the world are challenged by the need to establish talent management policies and practices that are globally strategic and also relevant to specific country contexts. Forward-thinking employers are considering:

- How might shifts in the economic structure and age composition of the workforces in different countries affect the next generation of human resource policies and practices?
- How might these policies and practices support the sustainability of great places to work?

### *What does "mind the gap" mean?*

Train stations across England play recorded messages to remind passengers that they should "Mind the Gap." These words of caution urge train travelers to pay attention to the space between the door of the train car and the platform in the station for safe commutes and travels.

For this series of our research publications, we have adopted the phrase, "Mind the Gap." The Mind the Gap series aim to remind employers to pay attention to any gaps that might exist between employees' priorities and needs and employers' allocation of workplace-based resources. Our Mind the Gap papers also aim to help our readers become aware of such gaps in quality of employment in other country contexts.

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The Sloan Center on Aging & Work in Boston, in collaboration with the Middlesex University Business School in London, created the Mind the Gap series to provide employers with basic employment-related information country-by-country. There are two types of papers in the Mind the Gap series.

**Employee Series:** This series examines the perspectives that adults of different ages have about employment and the assessments that they make about their employment experiences. These papers focus on one central question: *Does age affect employees' preferences for an idealized job and their assessments of their employment experiences?*

**Employer Series:** This series examines the prevalence of human resource policies and programs at workplaces in a selected country. Because most talent-management strategies and programs are age-neutral, we compare the availability of selected human resource policies in practices in the targeted country with the availability of similar policies and practices in a small number of countries with approximate economic circumstances. These papers focus on one core question: *How does the availability of human resource policies and programs in the targeted country compare with other countries?*

Although papers in both series focus on a single country, when the information contained in two or more papers are considered in tandem, it is possible to consider whether employees' perceptions of their employment experiences vary from country to country.



## Quality of Employment: Dimensions of a “Good Job” and a “Good Place to Work”

Most people would agree that “good jobs” are a “good thing.” High quality jobs offer benefits to employees and to the organizations where they work.

- **Benefits for Employees:** The quality of employment affects the health and well-being of employees. Research confirms that poor quality job (such as jobs requiring extreme work hours, jobs that are very demanding – particularly those where employees do not have access to the resources they need to meet those demands) are associated with negative outcomes, including high stress levels and physiological reactions, like cardio-vascular problems.<sup>1</sup>
- **Benefits for Employers:** Employers often connect the quality of employment they offer to employees to their employer-of-choice strategies. There is some evidence that the adoption of policies and practices that promote the quality of employment available to employees is related to positive outcomes for organizations, such as customer satisfaction and organizational performance.<sup>2</sup> Employer-of-choice strategies can result in enhanced employee engagement which, in turn, can be linked to organizational outcomes, including financial measures. For example, higher employee engagement can reduce costs such as those associated with unwanted turnover. One study found that 59% of highly engaged employees report that they “intend to stay” with their employers in comparison to the 24% of disengaged employees who “intend to stay.”<sup>3</sup> A number of studies have linked employee job satisfaction with positive performance indicators. *Fortune* reports positive relationships between being recognized as a “great place to work” and stock indices.<sup>4, 5</sup>

In this paper, we focus on eight important dimensions of the quality of employment:

- Fair, Attractive, and Competitive Compensation & Benefits
- Opportunities for Development, Learning & Advancement
- Wellness, Health & Safety Protections
- Opportunities for Meaningful Work
- Provisions for Employment Security & Predictabilities
- Workplace Flexibility
- Culture of Respect, Inclusion & Equity
- Promotion of Constructive Relationships at the Workplace

The following sections of this paper use the quality of employment framework as a structure to discuss the perspectives of employers about their employment situations.

# QUALITY EMPLOYMENT IN IRELAND:

## I. Indicators of Fair, Attractive, and Competitive Compensation & Benefits

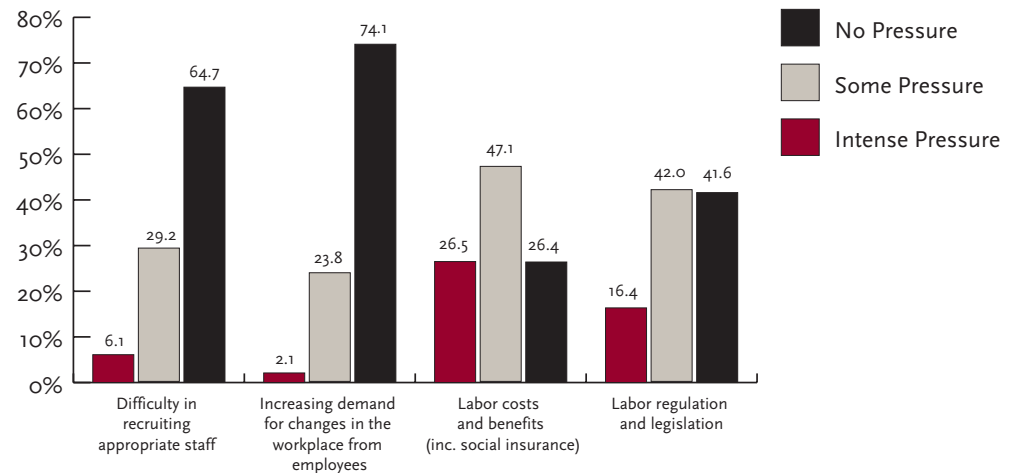
- *Compensation and benefits are distributed in a fair and equitable manner, meeting most of employees' basic economic needs.*

- In Ireland, private sector employers (73.6%) surveyed stated that labor costs and benefits (including social insurance) generated pressure for change in their organization (see Figure 1).<sup>6</sup> Labor costs represented more substantial issues for employers in the manufacturing and construction sectors when compared with employers in the services sector (see Figure 2).<sup>6</sup>
- Managers in the public sector (86%) reported that demands from staff for better pay generated “some” internal pressure within their organizations.<sup>6</sup> Managers in the health sector (22%) reported that demands for better pay caused “intense” internal pressures, compared with just 0.4% in civil service (see Figure 3).<sup>6</sup>
- The annual base salary budgets of almost 50% of Irish companies surveyed in 2009 were less than their 2008 budgets as a result of the economic conditions brought about by the global financial crisis.<sup>7</sup> A majority of organizations (47%) implemented a salary freeze or deferred pay increases, but only 9% decreased salaries in 2009.<sup>7</sup>
- Irish organizations (75%) offered smaller bonus pay amounts for 2009 (based on 2008 performance) compared with bonuses for 2008. Just 9% of organizations provided higher bonus payments in 2009 than in 2008.<sup>7</sup>
- A large group of employers (62%) do not plan to reduce the level of employer contributions to retirement plans as a result of the economic recession in Ireland.<sup>7</sup>
- A small percentage of Irish organizations (14.4%) provide profit sharing and other forms of share options for their employees.<sup>6</sup>



A majority of employers (73.6%) stated that labor costs and benefits (including social insurance) were generating pressure for change in their organization.

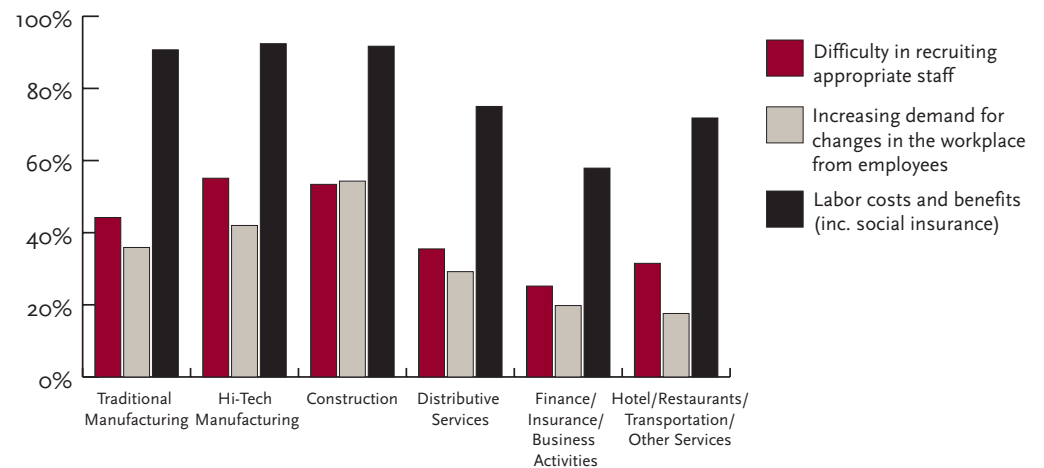
Figure 1: Pressure for Change in the Private Sector



Source: NCPP (2004)<sup>6</sup>

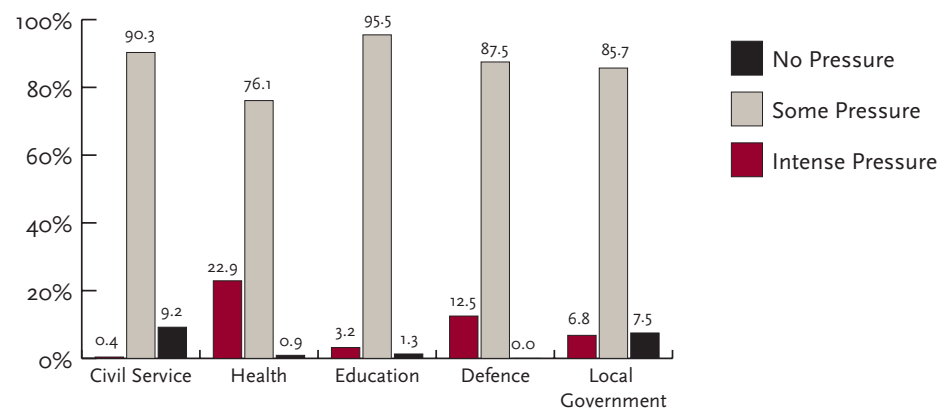
Labor costs represented more substantial issues for employers in the manufacturing and construction sectors when compared with employers in the services sector.

Figure 2: Pressure for Change in the Private Sector by Industry



Source: NCPP (2004)<sup>6</sup>

Figure 3: Pressure for Better Pay in the Public Sector



Source: NCPP (2004)<sup>6</sup>

In Ireland, some managers in the health sector (22%) believe that demands for better pay are causing “intense” internal pressures, compared with just 0.4% in civil service.

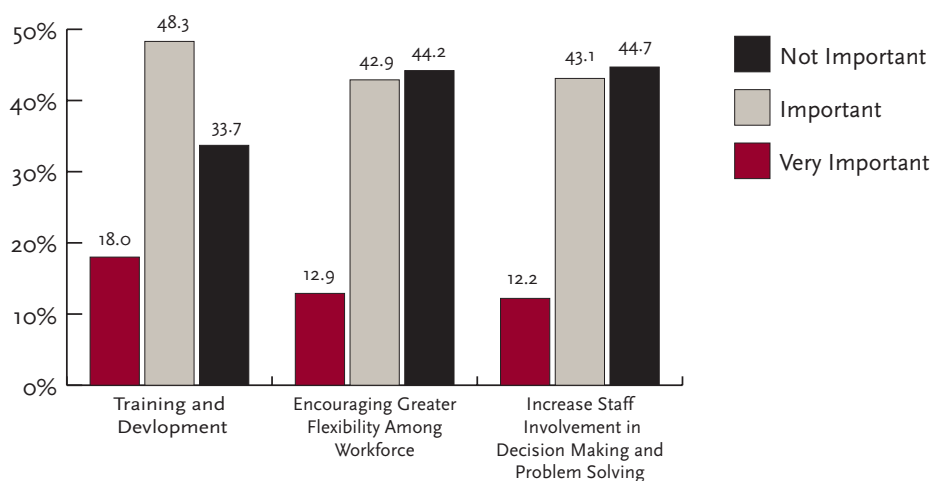
## II. Indicators of Opportunities for Development, Learning & Advancement

- *Opportunities for the development of expanded skills and responsibilities are available.*

- A large portion of Irish employers view training and development of staff as the most important response (66.3%) to external pressures on their organizations (see Figure 4).<sup>6</sup>
- According to the Chartered Institute for Personnel and Development's National Benchmarks Survey (2007), approximately 73% of organizations indicated that they had a specific training and development budget. The average expenditure on learning, training and development was 3.13% of payroll.<sup>8</sup>
- In Ireland, over half of the employers (51.7%) implemented staff training and development for managers, while 41.4% provided staff training and development for other employees.<sup>6</sup>
- Irish organizations provide more days training to senior management than any other occupational category (see Figure 5).<sup>8</sup>
- Employers in Ireland ranked information from performance appraisals, training and development audits, and line manager requests as the three most important methods used to identify training and development needs in their organizations (see Figure 6).<sup>8</sup>
- Informal feedback from line managers and measured job performance after training, are most often used as criteria to evaluate training and development in Irish organizations (see Figure 7).<sup>8</sup>



Figure 4: Responses to External Pressure by Level of Importance

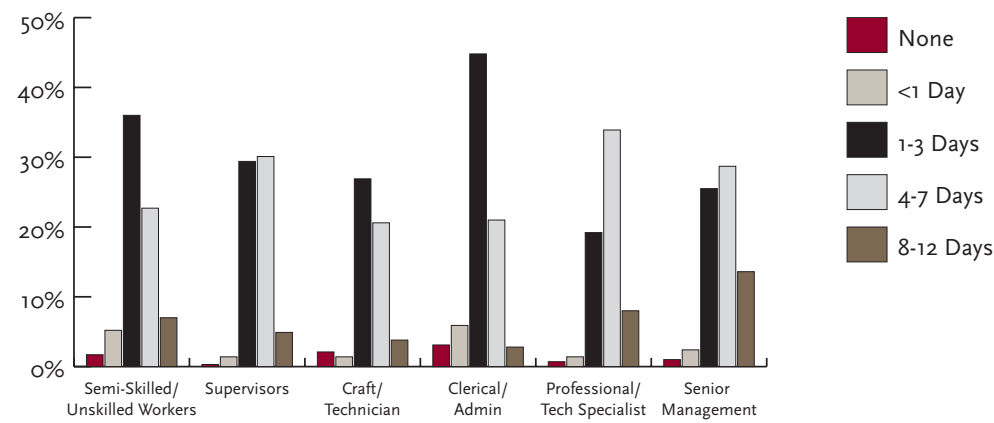


Source: NCPP (2004)<sup>6</sup>

Irish employers see the training and development of staff as the most important response to external pressures on their organizations.

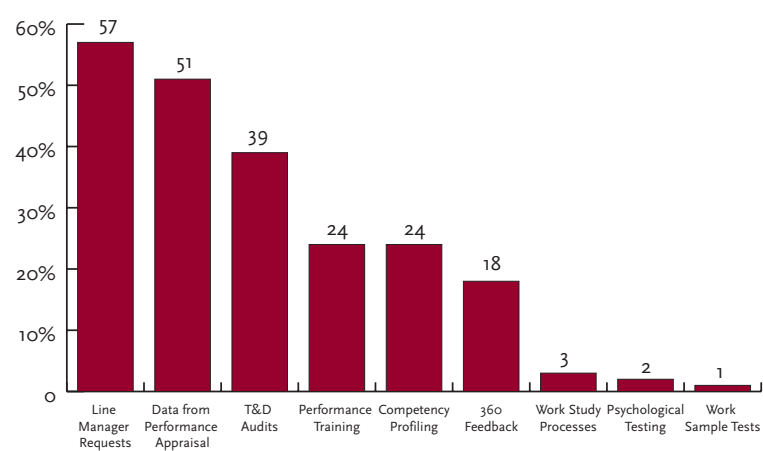
The average amount of training days per year that employers provide to each employee category is 1-3 days.

Figure 5: Number of Formal Training Days Provided by Irish Organizations by Employee Category



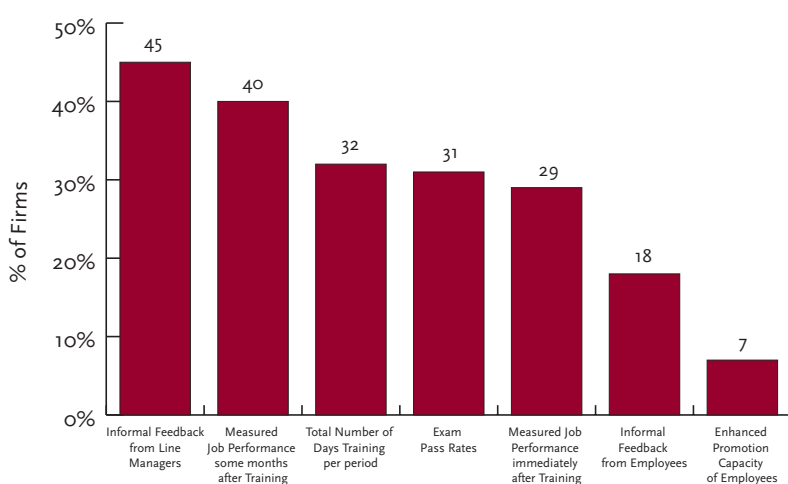
Source: CIPD (2007)<sup>8</sup>

Figure 6: Methods of Identifying Training and Development Needs



Source: CIPD (2007)<sup>8</sup>

Figure 7: Criteria for Evaluating Training and Development Activities



Source: CIPD (2007)<sup>8</sup>

Informal feedback from line managers is the most used criteria for evaluating training and development activities in Ireland.



### III. Indicators of Wellness, Health & Safety Protections

- ▶ *Well-being is promoted through workplace policies, and social protections are offered in case of illness.*
- In Ireland, an employer has the duty to ensure the health, safety, and welfare of their employees at work as far as is reasonably possible.<sup>9</sup>
- A sizable group of employers in Ireland (40.5%) have implemented work-life balance practices for employees.<sup>6</sup>
- Some private sector employers (21%) introduced lower cost health plans in 2009, but 10% expected to cut back or stop benefits by the beginning of 2010 as a result of economic constraints. In addition, 39% expected to increase employee contributions to health coverage in 2010.<sup>7</sup>



### IV. Indicators of Opportunities for Meaningful Work

- ▶ *Opportunities for meaningful and fulfilling work are available.*
- A few organizations in Ireland (30.3%) customized work hours to meet the needs of both management and employees.<sup>6</sup>
- A small group of employers (20.8%) have implemented new work practices in their organizations, such as "team-work" and "quality circles."<sup>6</sup>
- Despite the impact of the weak economy since 2008, approximately 30% of Irish organizations state that they will continue to recruit key talent even as they reduce their overall workforce.<sup>7</sup>





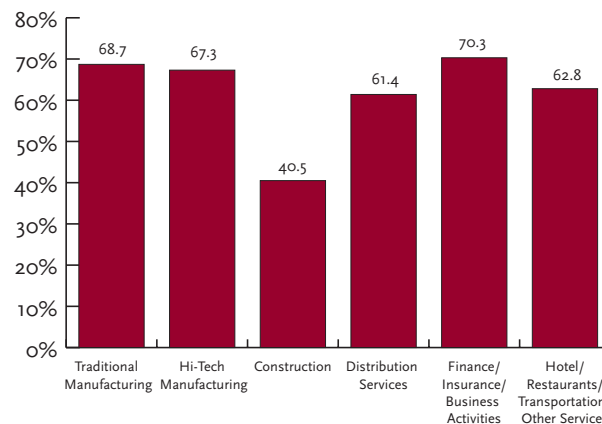
## V. Indicators of Provisions for Employment Security & Predictabilities

- *Terms of employment are communicated clearly, with an emphasis on smooth transitions through jobs and careers.*

- A majority of private sector employers in Ireland (61.5%) reported implementing communication practices to inform staff on change in the company. The incidence of these practices is higher in the finance and business services sector (70.3%) and lowest in the construction sector (40.5%) (see Figure 8).<sup>6</sup>
- In 2009, 63 % of Irish companies reported that their employees expressed significant concern regarding job security, while 80% of companies surveyed reduced staff in the same year.<sup>7</sup>
- Employers in the construction sector are more likely to reduce work time or implement temporary layoffs when necessary than any other sector in Ireland (see Figure 9).<sup>6</sup>

The incidence of employer communication practices in organizations is higher in the finance and business services sector and lowest in the construction sector.

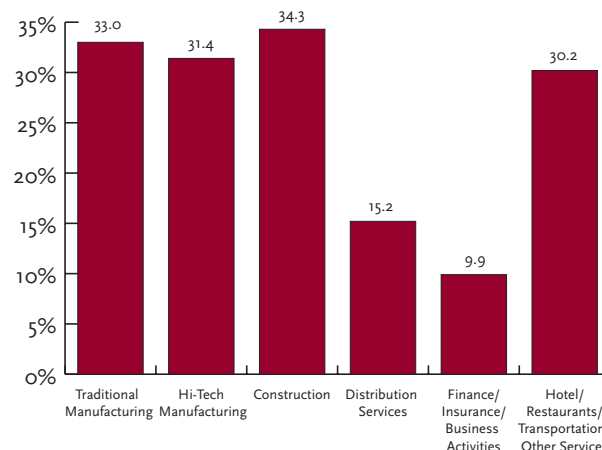
Figure 8: Implementation of Communication Practices with Staff



Source: NCPP (2004)<sup>6</sup>

Manufacturing and construction are more likely to use temporary layoffs or reduced work time than the service industry.

Figure 9: Use of Reduced Work Time or Temporary Layoffs when Necessary by Industry



Source: NCPP (2004)<sup>6</sup>

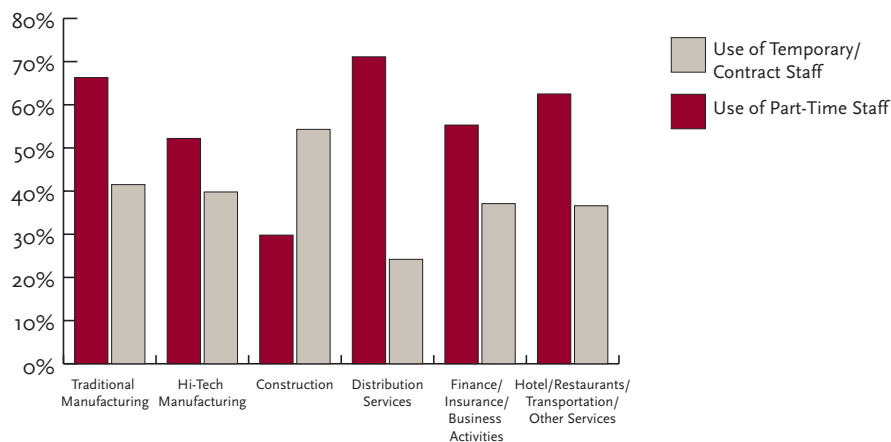
## VI. Indicators of Workplace Flexibility

- *Options, choice, and control over work conditions and hours are available.*

- In Ireland, a large portion of employers (59.6%) utilize part-time staff, while 35.4% employ staff on a temporary or contract basis (see Figure 10).<sup>6</sup>
- The majority of organizations in the private sector (62.4%) responded that they implemented arrangements for the direct involvement of employees in decision-making and problem-solving (see Figure 11), and 70% implemented practices for employee discretion in the way work is organized (see Figure 12).<sup>6</sup>
- Irish organizations are beginning to consider alternative work arrangements to control workforce costs. In 2009, 29% of employers introduced a reduction in work hours with a corresponding reduction in pay, with 14% doing so on a voluntary basis, and 15% on a mandatory basis.



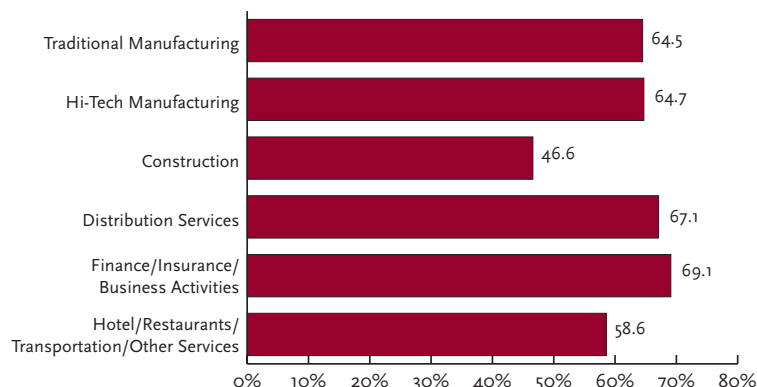
Figure 10: Part-Time and Temporary Staff by Industry



Source: NCPP (2004)<sup>6</sup>

Employers utilize part-time workers more in the distribution services sector, while the construction sector is most likely to employ temporary workers.

Figure 11: Involvement of Employees in Decision-Making by Industry

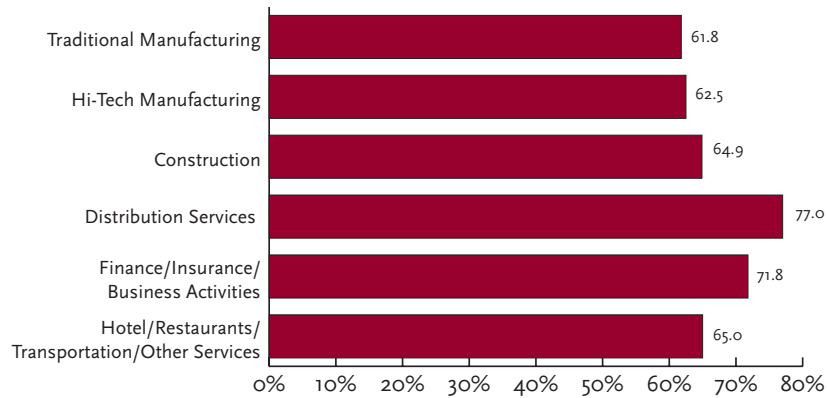


Source: NCPP (2004)<sup>6</sup>

In Ireland, employers in the construction industry are least likely to involve their employees in decision-making, while financial and business services employers are most likely to directly involve staff in decisions.

Distribution services employers are more likely to offer discretion to employees in how they work than in any other industry in Ireland.

Figure 12: Implementation of Employee Discretion in How Work is Performed by Industry



Source: NCPP (2004)<sup>6</sup>

## VII. Indicators of Culture of Respect, Inclusion & Equity

► *Diversity, inclusion, and employee personal growth are valued.*

- Many Irish organizations (41.4%) have an explicit policy on equality and diversity in the workplace.<sup>6</sup>
- Almost a quarter of private sector employers (24%) reported that they have employed a person with a disability. Among the employers who have not, over 30% would consider employing a person with a disability.<sup>10</sup>

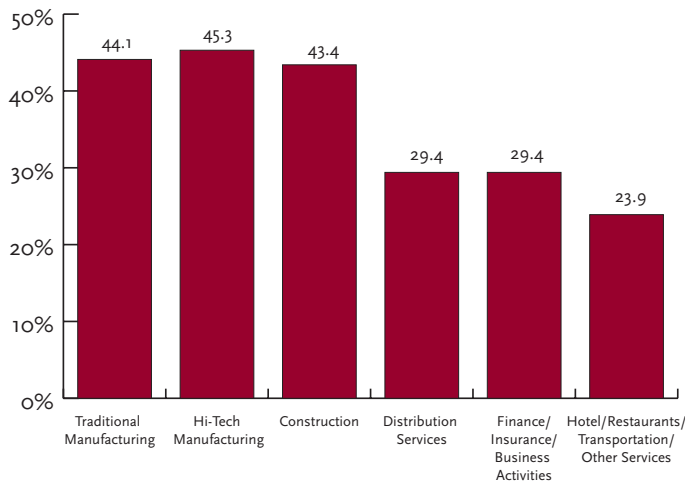


## VIII. Indicators of Promotion of Constructive Relationships at the Workplace

- *Interactions with supervisors and coworkers are professional and respectful.*
- Formal dispute resolution procedures have been implemented by 30% of Irish organizations. (See Figure 13).<sup>6</sup>
- Several employers in Ireland (19.3%) instituted “informal” partnerships between management and employee representatives (see Figure 14), while 4.3% of organizations (see Figure 15)<sup>6</sup> implemented “formal” partnership agreements involving unions and employees.
- The incidence of trade union recognition in Ireland is highest in the construction industry and lowest in the hotel, restaurant and transportation industries (see Figure 16).<sup>6</sup>



Figure 13: Implementation of Formal Dispute Resolution Procedures by Industry

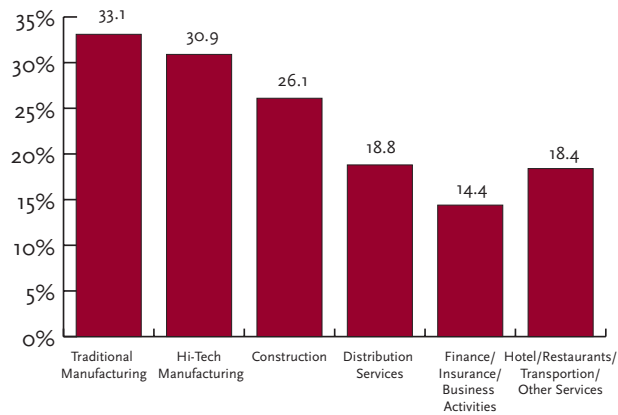


Source: NCPP (2004)<sup>6</sup>

Organizations in the hotel, restaurant and transportation industries are least likely to implement formal dispute resolution procedures, while employers in the manufacturing sectors are most likely to have dispute resolution procedures in place.

Employers in the manufacturing sectors are most likely to have informal partnership agreements in place at work between management and employees.

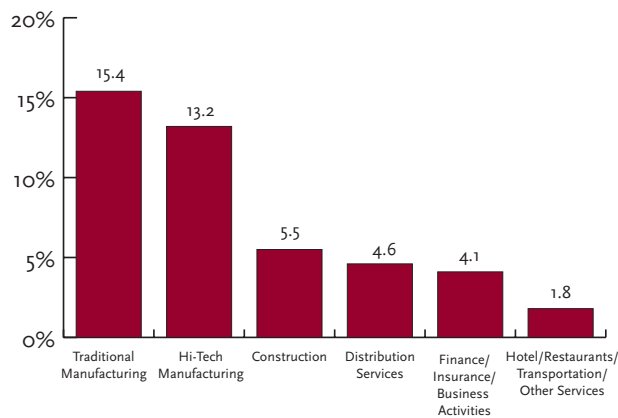
Figure 14: Informal Partnership Arrangements between Management and Employee Representatives by Industry



Source: NCPP (2004)<sup>6</sup>

The manufacturing sectors are most likely to have formal partnership agreements involving employees and unions than any other industry in Ireland. However, the percentage of organizations with these types of agreements across all industries is low.

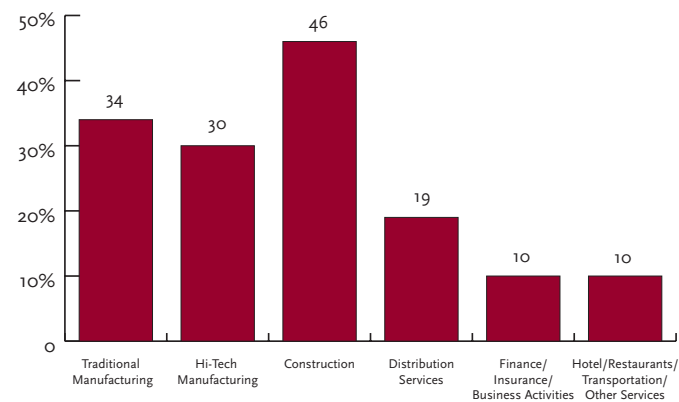
Figure 15: Formal Partnership Agreements Involving Unions and Employees by Industry



Source: NCPP (2004)<sup>6</sup>

The incidence of trade union recognition is highest in the construction sector and lowest in the services sectors.

Figure 16: Trade Union Recognition by Industry



Source: NCPP (2004)<sup>6</sup>

## **SUMMARY AND CONCLUSION:**

### **MINDING THE GAP**

Eight dimensions of the quality of employment were examined among employing organizations in Ireland, drawing on data primarily from Ireland's National Centre for Partnership and Performance and the Chartered Institute for Personnel and Development.

The main findings reveal that labor costs represent significant pressures for Irish employers, especially considering recent economic developments. However, the data indicate that employers have made a commitment to continuing contributions to retirement plans, and providing for lower health costs. Additionally, the recruitment of key talent in Irish organizations is still seen as important, even during the economic slump, and employees have a voice in many organizations. Going forward, it will be important to continue to gather contemporary empirical data that is lacking about the quality of employment in Ireland, particularly in light of the global financial crisis and the effects that it may have on the provision of human resource policies and practices in the Irish employment arena. As the workplace is currently undergoing significant restructuring and change, it is anticipated that the management of human resources may also undergo change.

## ABOUT THE INSTITUTE

Established in 2007 by the Sloan Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st-century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute's research, publications, and international forums contribute to:

- ▶ a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
- ▶ informed decision making by employers who want to be employers of choice in different countries; and
- ▶ innovative thinking about private-public partnerships that promote sustainable, high quality employment.

In addition to the Mind the Gap series, the Global Perspectives Institute publishes a Statistical Profile Series that highlights workforce demographic trends in different countries and a Global Policy Series that focuses on selected workforce policy in certain country contexts.

For more information on SCAW publications, please visit us online at:  
[www.bc.edu/agingandwork](http://www.bc.edu/agingandwork)

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The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st-century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

The Sloan Center on Aging & Work is grateful for the continued support of the Alfred P. Sloan Foundation.

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1 For example, see:

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2 For example, see:

Allen, T. D., Eby, L. T., Poteet, M. L., Lentz, E., & Lima, L. (2004). Career benefits associated with mentoring for protégés: A meta-analysis. *Journal of Applied Psychology*, 89(1), 127-136.

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4 Great Places to Work Institute. *What makes a great place to work: Financial results*. Retrieved from <http://www.greatplacetowork.com/great/graphs.php>

5 Unfortunately, most of the research linking employer-of-choice strategies with business outcomes tends to focus on correlational relationships. Such studies do not definitively establish that being a "best place to work" causes positive organizational performance; indeed, it also might be true that high profits and strong financial growth cause higher employee engagement and foster perceptions that a particular workplace is an employer of choice.

- 6 Williams, J., Blackwell, S., Gorby, S., O'Connell, P.J., & Russell, H. (2004). *The changing workplace: A survey of employers' views and experiences*. National Centre for Partnership and Performance (NCPP). Retrieved June 20, 2010, from [http://www.ncpp.ie/dynamic/docs/NCPP%20ESRI%20Employers\\_RZ.pdf](http://www.ncpp.ie/dynamic/docs/NCPP%20ESRI%20Employers_RZ.pdf)
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### *Mind the Gap Series:*

MTG01: United States, Employee  
MTG01: United States, Employer  
MTG02: Japan, Employee  
MTG02: Japan, Employer  
MTG03: South Korea, Employee  
MTG03: South Korea, Employer  
MTG04: United Kingdom, Employee  
MTG04: United Kingdom, Employer  
MTG05: China, Employee  
MTG06: Singapore, Employer  
MTG07: Australia, Employer  
MTG07: Australia, Employee  
MTG08: Denmark, Employee  
MTG08: Denmark, Employer  
MTG09: Italy, Employer  
MTG09: Italy, Employee  
MTG10: Spain, Employee  
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MTG12: Brazil, Employer  
MTG13: Mexico, Employee  
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