The Cost and Benefits of Upskilling the Irish Labour Force

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The Cost and Benefits of Upskilling the Irish Labour Force

Peter Daly
The Cost and Benefits of Upskilling the Irish Labour Force

Peter Daly

A Thesis Submitted in Fulfilment of the Requirements of the Degree of Taught Master of Business Studies

Department of Continuing Education

Cork Institute of Technology

Research Supervisor: Dr. Angela Wright

January 2009

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Declaration

The author, Peter Daly, declares that this dissertation submitted on the 16th January, 2009, represents his own individual and independent work.

Signed:

Peter Daly
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Dedication

This work is dedicated to my wife and daughter for their patience and help.

Acknowledgements

The author wishes to acknowledge the contribution of the following people to this current study:

The interviewees who graciously gave their time and expertise, Dr. Angela Wright, Mr. John Meyler, BSc, MBA, Sophia Daly, Dr. Felix Raekson, Dr. Margaret Lenihan.
Abstract

This study assesses the position of Irish businesses in relation to upskilling their workers in the globalised business environment. There is a scarce amount of data published on the implications for Irish businesses and their interaction state supports for upskilling the Irish labour-force.

This study has found that Irish businesses recognise that they now operate in a global market and that they believe that a strong third and vocational level of skills exist but work based skills must improve. Outsourcing parts of the business process is not considered a preferred option of skills replacement by Irish businesses but business networks are considered a viable method to upskill workers. Labour mobility has provided scarce skills but potential skills are not always identified by employers. FÁS, the state training agency, are perceived as overly bureaucratic by Irish businesses and out of step with business needs. The Skillnets, enterprise led, training networks model is considered proactive and in step with Irish business needs but also needs improved marketing. Irish businesses believe that potential exists in the tax credit system to improve upskilling supports.

This research has found that the government is committed to ‘Life-Long-Learning’ in the drive towards the knowledge led economy but that the government and the state agencies need to market their upskilling services better to the Irish business community. This current study has found that the government needs to remove bureaucratic obstacles in relation to accessing upskilling supports. This research has also found that the government needs to adapt the services provided by its training agencies to the needs of Irish business for the upskilling of the Irish labour-force.
Chapter 1

Introduction

1.1 Introduction

This research study is an assessment of the position of Irish businesses in relation to upskilling their workers.

A current view, 2008, of the Irish business landscape is presented to the reader which outlines changes in the industrial mix of the country and highlights emerging skills gaps in the Irish labour-force.

Methods of introducing new skills to the business and supports for upskilling employees are investigated with the interviewees. These include forming partnerships and alliances with other businesses to gain the benefit of their skillsbase. The two primary state supported training entities, FÁS and Skillnets are examined to assess their impact and relevance to Irish businesses that need to upskill their employees. A proposed personal tax credit for upskilling is also examined in this study.

The views of the current Minister for Education and Science, Mr. Batt O'Keefe, T.D., are presented with proposed initiatives that he plans to introduce to boost the national drive towards a knowledge led economy in Ireland.
The findings of this study are presented and conclusions and recommendations relating to the process of upskilling the Irish labour-force given. Areas of possible future research into the area of upskilling the Irish labour-force are also recommended in this current study.

1.2 A Knowledge Led Economy for Ireland

According to O’Driscoll (2004), in his introduction to the report ‘Ahead of the Curve’, Ireland is currently enjoying the benefits of a decade of sustained economic expansion. Ireland’s past success, according to O’Driscoll (2004), while providing a platform for future growth, does not guarantee that growth. Fundamental changes in the global business environment are emerging which present exciting new opportunities and some formidable competitive challenges states O’Driscoll (2004), and the ability to understand and respond swiftly to these changes will determine Ireland’s future success.

1.3 The Force of Globalisation

The process of globalisation may be unstoppable according to Allen and Raynor (2003) if the reasons put forward in the business world for this belief are correct. Allen and Raynor (2003), for example, state that among the reasons given for this belief are that leaders around the world have concluded that capitalism and open markets are the best means for achieving economic well-being, as global market forces gain momentum, national governments become less significant in
international affairs and are therefore less likely to interfere with international commerce. Allen and Raynor (2003) further state that the spread of democracy promotes international harmony because democratic governments don't go to war with each other, technology advances, particularly those involving media and communications, foster cross-border linkages and that globalization serves the purposes of powerful Western political and economic interests, notably those of the United States.

1.4 The Challenge of Globalisation for Ireland

The Irish government has recognised that because of the globalisation factors given by authors such as Allen and Raynor (2003), countries and firms now face competition on a global basis, and seek to find new ways of competing effectively. Irish companies are increasingly trying to differentiate themselves by developing products and services based on a unique combination of knowledge and expertise. Therein lays the challenge for Ireland, according to the Enterprise Strategy Group (2004). Ireland and Irish businesses need to ensure that Ireland’s knowledge system is world-class and that as a nation, Ireland continuously builds expertise, according to the Enterprise Strategy Group (2004).

To achieve this knowledge led economy by the year 2020, as envisioned by the Irish government, upskilling the Irish labour-force and the interaction of this process with education and continual learning, as investigated in this study is essential.
1.5 The Industrial Mix and Skills Base of Ireland

The proportion of people in employment in Ireland with low skills is higher than the EU average according to the Department of Enterprise, Trade and Employment (2007). As O'Connell (2006) noted; ‘This means that greater investment in training the lower skilled is necessary if Ireland is to catch up with the countries with which it must compete for markets and foreign investment. Being at the average in terms of training is not enough to bridge the gap among the low skilled’. The Irish government has outlined its position on upskilling the Irish labour force in the report, ‘Ahead of the Curve’ (2004), produced by the Expert Group on Future Skills. According to the former Minister for Enterprise, Trade and Employment, Micheál Martin (2007) in order to achieve the vision of the knowledge led Irish economy training will be at the heart of the drive and it will be imperative to further train Irish workers, particularly those that have only basic skills that limit their options in the contemporary working world.

1.6 Upskilling in Ireland

The process of upskilling includes both the education and vocational training providers. Currently in Ireland qualifications are recognised by three bodies, the National University of Ireland, HETAC and FETAC.

HETAC (the Higher Education and Training Awards Council) was established on 11 June 2001, under the Qualifications (Education and Training) Act 1999. It is the successor to the National Council for Educational Awards (NCEA). HETAC is the
qualifications awarding body for third-level education and training institutions outside the university sector.

FETAC (the Further Education and Training Awards Council) was set up as a statutory body on 11 June 2001 by the Minister for Education and Science under the Qualifications (Education & Training) Act, 1999. FETAC has responsibility for making awards previously made by Bord Iasca Mhaire, Fáilte Ireland (CERT), FÁS, NCVA and Teagasc

Two other entities play a significant role in the upskilling process in Ireland. FÁS, the National Training Authority and Skillnets, an enterprise led, state funded system of business networks that provide training services to its network members.

This study examines the interaction of FÁS and Skillnets with Irish businesses and the perceptions held in the marketplace of both. There is also an examination of how the system of qualification recognition is impacting on the upskilling process in Ireland.

1.7 Research Focus of the Study

Chapter 2 reviews literature relating to upskilling workers in Ireland. Literature pertinent to the changing face of the industrial landscape in Ireland was examined first. The aim of this review of literature is to identify the position that has been established by authors relating to any identified changes in the Irish employment mix and industrial sectors, which have increased and decreased in prominence. The
literature points to the decline in the manufacturing sectors and the increase in services related sectors.

The change in the type of industrial sector prominence identified through the literature introduces emerging skills gaps in the Irish labour force. The National Competitive Council (2000) outlined that labour shortages were most pronounced in high-skill occupations, but that the absolute number of vacancies was highest in low to intermediately-skilled occupations. The literature examined detailed how this experience had continued through the period of high economic activity to 2008.

Literature investigating the emerging skills gaps, that are a result of the change in the Irish industrial landscape, demonstrated how the links between a skilled labour force and increased productivity were more important now than ever (Bergheim, 2005, Leitch, 2005; Kavanagh and Doyle, 2007).

Chapter 2, expanded from the investigation of the Irish industrial landscape and possible emerging skills gaps to review work carried out examining solutions to skills shortages that are available to and used by Irish businesses. One topic relating to this examined in the literature was the practice of outsourcing value creating activities, as defined by Hill and Jones (2004). According to Begg (2006) another feature of globalisation is outsourcing. Begg (2006) states that the relocation of manufacturing from high cost to low cost countries is having a major impact and that employment in manufacturing has always been reasonably paid, and a route into the middle classes for many working class people. Begg (2006) stated that the fact is that many workers, in developed countries, in lower skilled employments are
caught in a pincer between migration and outsourcing. The examination of literature reviewed the work of Sirkin et al., (2008) and their view on the availability of cheap outsourcing in the rapidly emerging economies of China, India and Brazil, and how other authors such as Thornhill (2006) took the opposite view that outsourcing was not a total solution to replacing missing skills and creating value.

Chapter 2 next examines literature looking at the costs and benefits for Irish businesses in upskilling workers to enhance skills deficiencies in the business and to boost competitiveness. The investment in training in Ireland is most likely to be higher in large and foreign owned companies appears as a common finding among the authors. Enterprise Ireland (2007) state that the resulting improvement in the skills of Irish workers is among the benefits of the high level of foreign direct investment in Ireland. The literature review detailed the findings of authors as to the benefits for Irish businesses of increasing their investment in upskilling.

Following a review of outsourcing and upskilling workers as means of filling skills gaps in the Irish labour force the subject of migrant labour was explored through the literature review. The Expert Group on Future Skills Needs (2007) state that through analysis of the level of work permits issued the increase in the inflow of skills suggests that previously identified areas of skills shortages continue to be of concern for Irish employers. Immigration is now a significant factor in Ireland’s expanding population according to Enterprise Ireland (2007), migrant labour inflows are averaging 70,000 annually. Ireland’s immigration rate was, in 2007, one of the highest in the European Union. These sources of labour are proving to be vital, particularly in construction, tourism and the hotel sectors, in manufacturing.
and Information Technology, and in the agriculture-food sector according to Enterprise Ireland (2007).

Chapter 2 continues by examining work on the barriers to labour mobility being experienced such as language and cultural practices at both an Irish and European level.

The next area of literature reviewed in chapter 2 examines the state supported upskilling organisations and alternatives in Ireland. The work of Conway and Fox (2007), which examined the awareness levels of FÁS among Irish businesses, was reviewed to gain a comparative level to analyse this study’s findings against.

The Skillnets model is reviewed through an examination of their 2007 report. According to the Enterprise Strategy Group (2004) in the coming decade, well-developed business networks will become increasingly important mechanisms for driving success. The Enterprise Strategy Group (2004) state that business networks will include educational and research institutions, that will respond to enterprise needs for knowledge, skills and facilities. From the States perspective, strong, coherent business networks can provide a clear articulation of enterprise priorities according to the Enterprise Strategy Group (2004) and, as companies find it easier to access private sector finance, the State should increasingly deliver its support for enterprise through networks, where their effect will have wider economic impact, rather than directly to individual firms.
The literature on the use of this type of network was reviewed in chapter 2 and the contrasting methodology of utilising partnerships and alliances as written about by Sirkin et al., (2008) to bring new skills into the business was examined.

Finally, the concept of using personal tax credits as an incentive for Irish workers to upskill was examined through the work of Ross (2008).

Chapter 3, provides an outline of the research methodology in the context of this current study. The chapter describes in detail the research methodology used which uses the qualitative model. According to Levin (2005) the success of a research project requires absolute clarity about the type of research methodology being used.

In Chapter 3, a research problem is defined and the research problem being investigated in this study is outlined. Chapter 3 continues by giving the authors motivation for conducting the study and defines research questions and their interrelationship with the research objectives. Detail is given of the six research objectives of this study.

The theory of research design is explained in chapter 3 and definitions of qualitative and quantitative research methods given based on the writings of Van Maanen (1983), Chisnall (1985), Easterby-Smith et al., (1991) and Malhotra (1996). Based on this theory the author’s reasons for choosing the qualitative research method is outlined.
Chapter 3, continues by outlining the development of the research strategy for this study. The rationale behind the selection of the interviewees for the study is explained. Detail of the interview schedule is presented with some background on the interviewees.

The final sections of Chapter 3 are concerned with the data analysis methodology. The manner in which the data gathered from the interviewees was classified and arranged into relevant segments is explained. Following continuous cross-referencing between the data segments patterns, linkages were formed. This allowed hypotheses to be developed which were examined in the study to identify possible alternative solutions and conclusions to the research problem. The limitations of this current study were outlined for the reader.

Chapter 4, provides the main findings of this current research. The interview transcripts have been categorised as detailed in Chapter 3 and the main findings presented chapter 4.

The findings are presented under six headings which encompass the research objectives set out in Chapter 3. Relevant quotes from the interviewees that support the findings are given.

Chapter 4, gives details of the experience of Irish businesses in the globalised environment. The strong quality of graduates from the Irish education system is highlighted but also there is a challenge to enhance these peoples' skills with stronger work based skills. There is recognition in the Irish business environment of
the importance of achieving a balance between upskilling and business efficiency and that the bureaucracy of the state often acts as an impediment. This impediment is often viewed as a poor marketing presence by the state entities interfacing with Irish business. Furthermore, the background of the senior people within a business is often seen as guiding factor in the level of training carried out. Labour mobility has been of great benefit of Irish business but often potential skills have not been uncovered due to cultural and language barriers.

Chapter 5, the concluding chapter, reviews the main findings of the research. The findings are contrasted and compared with the literature reviewed in chapter 2. This process allows the hypothesis to be developed that upskilling the Irish labour-force is vital and that in order to maintain competitiveness and to compete in the global marketplace Irish businesses will need to engage in this process. Chapter 5, also outlines the perceptions of Irish businesses of the state supports available to them and the perceived lack of interface between the state and businesses relating to upskilling supports.

Recommendations for future research are made in relation to the findings of this study, in Chapter 5.
Chapter 2

Literature Review

2.1 Introduction

Knowledge doesn’t exist in a vacuum, and your work only has value in relation to other people’s. Your work and your findings will be significant only to the extent that they’re the same as, or different from, other people’s work and findings, (Jankowicz, 2000).

Chapter 2, outlines the literature concerned with the make up of the labour market in Ireland, the changing trends in the skills base of workers and how this meets the need of the dynamic global business environment. Furthermore, the literature examines the cost effectiveness for Irish business to upskill its workers and solutions to skills gaps in the marketplace. The literature examines the link between strong skills in the Irish labour force and the competitiveness of Irish business.

The Enterprise Strategy Group (2004) state that much of Ireland’s economic growth, in the period from 1990 to 2007, was driven by a relatively small number of foreign firms who had chosen to set up their European bases in Ireland. According to the Enterprise Strategy Group (2004) the success of these firms masked the generally poor performance of indigenous businesses with the exception of a few high performing firms. The Enterprise Strategy Group (2004) also state that in the
current globalised business environment these successful business sectors face intense competitive pressures, in particular from the Rapidly Emerging Economies of Asia and South America.

The National Competitiveness Council (2007) defines competitiveness as the ability of Irish-based firms to achieve success in international markets, so as to provide Ireland's people with the opportunity to improve their living standards and quality of life. Improving livings standards depends on, among other things, raising incomes through strong productivity growth and providing high quality employment opportunities for all. Given Ireland's small domestic market this requires a healthy exporting sector. For a vibrant exporting sector, Ireland must maintain and develop its international competitiveness. Upskilling is one component of the drive to maintain and improve competitiveness. The literature in chapter 2 will examine the requirement for upskilling, the costs and benefits associated with upskilling and the implications for businesses that require to upskill employees.

O'Driscoll (2005) identified the drivers of change in the Irish workplace as "the pace and intensity of globalisation, the shift to services as the engine of growth in developed economies, the role of knowledge in providing differentiation and the escalating domestic cost base (2005:4). Throughout the literature reviewed, these drivers of change appear as a constant factor in the necessity to upskill the Irish workforce.

The need to upskill is not just a challenge for Ireland. Tessaring and Zukersteinova (2008) have identified that future development of skills – both 'skill needs' and
'supply' – on European labour markets ranks high on the current policy agenda. The Lisbon agenda (2005) emphasises human capital and related investments in education and training as important policy levers to foster growth, employment and competitiveness, together with innovation, research and development. Consequently, the integrated guidelines for growth and jobs (2005:2008, through to 2008:2010), ask for better anticipation of skill needs, labour market shortages and bottlenecks to improve matching of labour market needs. The 2007 European Union Council Resolution 'New skills for new jobs' also stresses the need to anticipate skill needs – and skill gaps – emerging in the European labour markets according to Tessaring and Zukersteinova (2008).

According to Behan and Patterson (2006), in the period 2003 to 2004, almost 130,000 persons participated in further education and training. In the same period almost 98,000 persons were awarded a further education and training qualification (Behan and Patterson, 2006). According to Kavanagh and Doyle (2007), based on the findings of the Organisation for Economic Co-operation and Development in 2003, training and up-skilling are just as important as initial education. Kavanagh and Doyle (2007) state that in the period 2017 to 2022, the bulk of the labour force will still be composed of individuals who are currently in the labour market. Furthermore, due to population ageing and the effect of policies aimed at prolonging working life, most of these individuals will have completed their initial education many years before and rapid technological change will have made part of their competencies obsolete, (Kavanagh and Doyle, 2007). The education and training workers receive after they have started their working life is therefore crucial for both output growth and individual career prospects (Organisation for Economic Co-
operation and Development, 2003) and (Kavanagh and Doyle, 2007). In the literature review the aim is to investigate these increases in academic achievement and the upskilling of the Irish workforce. Furthermore, the literature review is investigating whether Irish business is being impacted on in a positive manner by the increases in academic achievement and upskilling of Irish workers and how and where the costs of the upskilling are being absorbed.

The examination of literature will investigate the change in the industrial landscape and the impacts of the global business environment. Research on emerging skills gaps in Irish business will be reviewed in the literature and the impact of emerging business sectors. Literature on the education profile of the Irish workforce will be reviewed to identify if the skills are being developed to meet the challenges of the new industrial landscape. Potential sources of skilled workers are examined to establish if an opinion exists that alternatives such as outsourcing will meet Ireland’s skilled labour requirements.

The literature review will then look at the upskilling resources available and the levels of awareness and usage of these by Irish business. Work on the benefits of training to upskill and its cost effectiveness will be examined to ascertain the impact of models such as Skill Nets on the skills level of the Irish labour force.

2.2 Changes in the Employment Mix in Ireland

An examination of the literature is undertaken to ascertain if there has been a change in the industrial profile of Ireland. The literature review will investigate the
make up and profile of the labour force in Ireland and the type of jobs being carried out by workers in Ireland.

2.2.1 Overview of the Changing Face of the Irish Industrial Landscape

The FÁS (the national training authority for Ireland) National Skills Bulletin (Behan et al., 2006), has found that overall employment in Ireland grew from 1.7 million to 1.95 million between 2000 and 2005. These additional jobs however were not evenly distributed in terms of economic sectors or broad occupational groups. Behan et al., (2006) further stated that economic sectors which grew faster than average included construction, services and healthcare. Employment declined in manufacturing and agriculture over the period 2000 to 2005 (Behan et al., 2006). Within manufacturing there was a fall in employment for the period 2000 to 2005 with the metals and machinery, textiles and clothing sub-sectors the hardest hit (Behan et al., 2006).

Having identified a change in the industrial mix from the literature examined, the literature was then reviewed to establish if there was a body of work showing that there were skills gaps in the labour force as a consequence of the change identified.

2.2.2 Emerging Skills Gaps in Ireland

Of the broad occupational groups, professional occupations such as financial professionals have grown the fastest. On the other hand, plant and machinery operatives and farmers experienced a decline in employment according to Behan et
al., (2006). Behan et al., (2006) state that there is a noticeable increase in vacancies for production and works managers, software engineers, metal working production and maintenance fitters, chefs and cooks, and technical and wholesale sales representatives in the first half of 2006 compared to the same period in 2005. Behan et al., (2006) point out that these occupations were among the key occupations cited by employers as being difficult to fill.

The objective of the National Skills Bulletin produced by Behan et al., (2006) was to identify shortages in the labour force. By examining the available indicators on supply and demand of skills Behan et al., (2006) identified occupations where shortages appear to exist and classified them as either skills or labour shortages. Behan et al., (2006) defined skill shortages as a situation where there are an insufficient number of trained/qualified individuals in the domestic market to meet the demand for an occupation. Labour shortages refer to a situation where there are an insufficient number of individuals willing to take up employment opportunities according to Behan et al., (2006).

2.2.3 Does Ireland have the Skills to Compete in the Services Sector?

O’Driscoll (2005) found, based on the Organisation for Economic Co-operation and Development main economic indicators 1999-2006 that the number of people employed in manufacturing in Ireland has fallen back to almost the one hundred thousand mark of 1995 from a peak of approximately one hundred and twenty thousand in 2001. Combining these statistics with the Central Statistics Office

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figures for the same period, O’Driscoll (2005) outlines how the greatest growth has been in the services sectors.

Barry (2007) points out in relation to the service sector that while data for the service sector is not as comprehensive as those available for manufacturing, Ireland is known to have become a leading European location for offshore services in three separate areas: computer software and services, international financial services and other business process outsourcing activities such as, call centers and shared services. Barry (2007), states that these service sectors account for about forty five thousand jobs in Ireland. Barry (2007) also states that these off shored service sectors really only emerged on the Irish landscape during the course of the 1990’s. Barry (2007) concludes that Ireland could not have upgraded into the high technology sectors had it not been able to furnish the kinds of skilled workers that these sectors require.

2.3 The Change in the Education Profile in Ireland

According to FÁS (2007) the Labour Market review 2007, outlines that the education profile of employment has been improving in recent years, however, further up-skilling is required. Behan and Patterson (2006) outline that in order to meet the skills demand of the knowledge based economy projected for 2020, 45% of the workforce will need to hold third level qualifications.

The statistics from the Central Statistics Office (2002) give an indication of how the educational profile of the Irish workforce is moving towards the goal set for the
knowledge based economy of 2020. Census (2002) shows a total of 476,189 members of the workforce holding a third level qualification after completing two or more years of study (CSO 2002). According to Census (2006) this statistic has increased to 639,465 people.

2.4 Future Skill Needs for Ireland

The literature examined thus far has indicated the changing patterns in the Irish business landscape and in the education and skills make up of the Irish labour force. The next literature examined was that which looks to the future and examines the challenges that Ireland faces and what approaches need to be taken to provide a skilled workforce to meet these challenges.

2.4.1 Skills Challenges for the Future

According to the report Aspects of Training of those at Work in Ireland (McIver Consulting, June 2004), an attempt was made to provide a synthesis of the major findings of the numerous reports which have been written in relation to training of the employed in Ireland over the last 10 years.

The report intended to address the following six themes identified by the National Training Advisory Committee (2003):

The need to move skills up the value chain, retraining of workers in vulnerable industries or occupations, the need for increased investment by Small Manufacturing Enterprises' in training, the need for training to be relevant, flexible
and adaptable to the needs of enterprises, ensuring an adequate training infrastructure for the delivery of in-company training and the need for engagement between industry groups and the national qualifications framework to develop accreditation for in-company training, including recognition of prior learning in the workplace.

Mclver Consulting (2004) provide further evidence that there is recognition at government and business level of a future skills shortage in a changing economic environment and also as part of its terms of reference identifies the possible cost to individual businesses of upskilling to be competitive going forward.

The National Training Advisory Committee (2003) found that in terms of skills availability, in general, there was broad satisfaction with the current level of soft skills possessed by most employees, but it was recognised that such skills would become more important in the future, occupational grades and levels require varying degrees of soft skills capability, companies invest heavily in soft skills development, soft skills were the most important differentiator of effectiveness in managing people, good practice involves the use of a range of human resources practices to instill and support a team-working culture and concerns were expressed with regard to the soft skills of new entrants to the labour market.

The National Training Advisory Committee (2003) noted that these findings continue the trend pointing to the need for upskilling particularly building on the current levels of soft skills to underpin future growth as a knowledge economy. The Report for 2002 (National Training Advisory Committee 2003) refers to the 2000
Lisbon Summit of the European Council which set the aspiration for Europe to become, according to Schleicher (2006. pg. 4) "the most dynamic knowledge based economy in the world, leading to more and better jobs and greater social cohesion".

The National Competitiveness Council, (2003) state that Ireland’s long term vision is to become a ‘high skills economy’ and a learning society. The National Competitive Council (2003) further states that to achieve this will be contingent on the supply of high-skilled people, which in turn will require a national commitment to training and lifelong learning.

Doyle (2000) had earlier maintained that the challenge of transforming Ireland into a learning society requires not only an emphasis on business and technical skills but the ‘soft’ skills such as attitude to work, problem solving, communications, flexibility and learning to learn must also be updated on an ongoing basis to compare to best international practice. Doyle (2000) further states that “For each firm the aim must be to become a ‘Learning Organisation’ that continuously develops its human resources”. According to Senge (1990) learning organizations are organisations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.
2.4.2 Identifying the Skills Gap

Shanahan (2006) has identified that because most of the current workforce will be still active in 2020 there has been some failure in upskilling these people because the adult education system is too similar to the school system. Shanahan (2006) lists the challenges among those that will have to be met to upskill a mature workforce as convincing individuals and enterprise of the returns from investment in training and education, stimulating demand amongst individuals and companies, identifying the skills needs of individuals and enterprise, improving literacy, both reading and numeracy amongst the adult population, ensuring that those currently with low levels of education and training are the ones which benefit from widened access to initiatives, ensuring adequate funding for areas of market failure, agreeing the appropriate contribution of various stakeholders to supporting education and training, overcoming barriers to participation amongst the lowest skilled, establishing innovative mechanisms to support education and training of those in employment e.g. how to structure and fund learning leave or assessing the appropriateness of Individual Learning Accounts, ensuring that there is flexible provision to meet the needs of individuals in the workforce and enterprise, ensuring that current funding mechanisms are user friendly, the broadening of the apprenticeship base to other occupations and providing progression routes for existing apprentices and developing the understanding of the National Framework of Qualifications amongst the wider public.
2.4.3 The Workers of the Future

Shanahan (2006) further examined the origin of future skilled workers. He states that the need to upskill the existing workforce has for some time been seen as being of strategic importance and an essential contributor in meeting the overall skills needs of the Irish economy. Shanahan further asserts that there is a positive link between investment in skills development and productivity. Higher levels of education and training lead to increased wealth and higher living standards as well as increased competitiveness and productivity.

2.5 Outsourcing will not replace upskilling

Hill and Jones (2004) state that outsourcing of noncore value creating activities could allow a company to lower costs, better differentiate its product and use scarce resources more efficiently while also enabling the company to respond rapidly to changing market conditions. Hill and Jones (2004) state however that, outsourcing may have a detrimental effect if the company outsources important activities or, becomes too dependent on the suppliers of those activities.

According to Thornhill (2006) in the future not all jobs will be able to be outsourced and there will be a growing demand for skills that require expert thinking and complex communications. Furthermore, Thornhill (2006) suggests that there will be a need to retrain existing workers at risk and a need for strong basic skills and competencies. Basic competencies will be needed to develop more advanced skills according to Thornhill (2006), and the quality and effectiveness of the teaching of
mathematics and science may require new strategies, a need for advanced skills, a need for attention to problem solving and interpersonal skills, understanding and rote learning. Thornhill (2006) asserts that as a result there will be implications for teaching resources and the format of examinations. Thornhill (2006) asserts that in the future, Ireland will need a skilled, adaptable and knowledge intensive workforce.

Sirkin et al., (2008) state that businesses in the rapidly emerging economies of Asia and South America have been prepared to form partnerships and alliances not only to access new markets but to learn from their partners. According to Sirkin et al., (2008) these businesses have not taken the traditional view that they should protect their trade secrets and as a result have been able to bring new skills and knowledge back into the business.

2.6 The Cost and Benefit to business of Upskilling

The next part in the review of literature set out to establish what opinion exists in relation to the costs that Irish business can be faced with when upskilling workers and what benefits Irish business can identify from any upskilling initiatives carried out.

2.6.1 The Cost of Training

McGrath (2008) states, that in Ireland, businesses spend only one percent of turnover on training, compared to three to four percent by their European
counterparts. This indicates a failure by entrepreneurs to recognise the importance of continual training and the positive impact that it can have on their business according to McGrath (2008).

According to O’Connell (2003), total expenditure by private sector employers was estimated to be about one billion euro’s in 2003. O’Connell states that this figure includes both the direct costs of training, including tuition fees, and the wage costs of employees while engaged in training. Of the forty five million euro’s that is paid in private fee expenditure, some of this amount is already included in the one billion euro’s expenditure from employers, where employers pay for, or subsidise, part-time study at third level institutions. O’Connell (2003) states that in the period 2001 to 2002, thirty four per cent of private sector enterprises indicated that someone in the company (including managers and proprietors but excluding apprentices) had engaged in some formal structured training at some point in the previous twelve months, as part of planned human resource development expenditure.

Fox and Doyle (2001), Hannon, McCoy and Doyle (2003) and McIver Consulting (2004), state that traditionally, small and medium size enterprises have tended to invest less in education and training for their employees than larger companies.

McIver Consulting (2004) assert that considering the above mentioned underinvestment, combined with the expected decline in the number of new entrants into the labour force and the anticipated pressure on industries to engage in further training to survive, as outlined by the National Competitiveness Council (1998, p.2-3), the National Training and Advisory Committee (2002) and the Task Force on
Lifelong Learning (2002), that there is a growing need for small and medium sized enterprises to invest in training.

The Organisation for Economic Co-operation and Development Survey (2003) highlights the importance of investing in training to the Irish economy, and maintain that the lack of small and medium sized enterprise investment in training raises concerns over the future of the Irish economy as a whole. The Organisation for Economic Co-operation and Development (2003) further state that in recent years there is some evidence to suggest that a proportion of Irish small and medium sized enterprises have become aware of the need to upgrade the skills of their employees, with some suggestions that they might actually have been spending a higher percentage of the payroll on training than larger companies for a period. This point is also made in the Irish Business and Employers Confederation National Training Survey (2000:20). In general, however, the evidence is still that smaller firms tend to invest less in training according to Fox (2001).

Doyle (2000) states that small and medium sized enterprises must view investment in human capital as being as important as investment in other aspects of the business and that it is only through a continuous state of learning and upgrading skills that the business remains competitive and the human capital does not become a wasted asset.

Fox (2007) points out that of the 1.98 million employed persons in 2006, twelve percent received some training and or education in the four weeks leading up to the 2006 Quarterly National Household Survey conducted by the Central Statistics
Office. Defining this figure in line with the European Union definition of working adults being those aged between twenty five and sixty four, Fox (2007) states that this figure was in reality eight point six percent which was an increase from seven point nine percent in 2005 and seven point three percent in 2004. Fox (2007) further outlines that while there has been a small improvement in the period 2004 to 2005 in the participation rates there are disparities between employment sectors and jobs types and that further increases will be needed if Ireland is to achieve the levels of up-skilling needed in the future. Employees in public services and financial services were more likely to participate in education and training than employees in agriculture and manufacturing, Fox (2007) concludes, from the results of the 2006 Quarterly National Household Survey.

2.6.2 The Benefits from Training Workers

McGrath (2008) states that small to medium sized businesses should not underestimate the importance of training among employees and the benefits it can have on a company. Businesses can avail of various training services in the areas of curriculum development and up-skilling, according to McGrath (2008). McGrath (2008) maintains that these optimum training programmes can improve productivity and encourage staff motivation and reduce labour turnover. McGrath (2008) advises that business owners should identify the training needs of employees, establish the best training programmes available, and encourage employees to avail of training opportunities and to remember that business owners too will need training and up-skilling.
McGrath (2008) asserts that training within Small and Medium Enterprises is important for the continued growth of the economy and that the potential benefits of training within Small and Medium sized enterprises can be identified through the following resulting outcomes; training, for example, can benefit individual employees by enhancing their future earning potential, career progression and employability. Training targeted at the lower skilled, those working in occupations undergoing restructuring or other groups perceived to be at a disadvantage on the labour market will find their position in the labour market improved, according to McGrath (2008).

At the enterprise level, McGrath (2008) asserts that there is evidence to suggest that investment in training impacts positively on, inter alia, company productivity, profitability and product or service quality and that this may help ensure business competitiveness and survival and success. McGrath (2008) further states that training has positive effects on the economy at a local, regional and national level and that training which enhances individual and enterprise capability and competitiveness creates better chances for survival against competition, both domestic and international. In the long term, McGrath (2008) states, that this may lead to economic growth and further employment and flexibility.

According to Dearden, Reed and van Reenan (2005) recent evidence from the United Kingdom found that an increase in the proportion of employees trained in a production sector industry (from ten percent of employees to fifteen percent) was associated with a three percent increase in value added per worker underpinning the value of up-skilling to the business. This mirrors the results for Ireland according to
Shanahan (2006). The evidence for Ireland, as in many other countries, indicates that most employer-sponsored training is general rather than firm-specific in nature, and is therefore transferable to other jobs and employers according to O'Connell (2003).

2.7 Alternative Skills Sources-Labour Mobility

Heinz and Ward-Warmedinger (2006) state that for the European Union twenty five member states as a whole, cross-border labour mobility is likely to offer a number of advantages, by allowing a more efficient matching of workers' skills with job vacancies and facilitating the general upskilling of European workforces. They further point out that current restrictions on the mobility of labour from accession states to the European Union may decrease the efficient use of labour resources in the face of demographic change and globalization. Ruddock (2007) concurs with the requirement for labour mobility when he states that a single European market needs a mobile labour force to prosper. Heinz and Ward-Warmedinger (2006) also state that delays in removing the restrictions may be costly for the European Union at a time when there is concern about competitiveness and this could lead to a loss of skills to the traditional migration centres of the United States and Canada. Heinz and Ward-Warmedinger (2006) point out that statistics from individual countries that have relaxed restrictions and have allowed migrant workers, (i.e., the United Kingdom, Ireland and Sweden), have in general favourable experiences about the labour market impact of immigration from the countries for which they have relaxed the restrictions.
Barrett, Bergin and Duffy (2005) found that the labour market profile of immigrants in Ireland has shown them to be a young and highly educated group. Barrett, Bergin and Duffy (2005) state that their analysis, of the immigrant worker profile, suggests that immigrants and natives with the same education level are not employed in an identical manner and that immigrants experience an occupational gap. Barrett, Bergin and Duffy (2005) say that this is an important finding because it alters the impact that immigrants will have on the labour market.

### 2.7.1 Levels of Labour Mobility

Heinz and Ward-Warmedinger (2006) found that since the European Union enlargement in 2004, there is a moderate level of migration from the accession states. Heinz and Ward-Warmedinger (2006), state that this is in line with the general low level of mobility in the European Union. The European Commission (2001) has found that European Union citizens have only half of the mobility rate of United States citizens. The European Union (2001) research has shown that in the ten years from 1991 to 2001 thirty eight percent of citizens changed residence from the place that they considered to be their home, sixty eight percent moved within the same town or village, thirty six percent moved to a town within the same region, twenty one percent moved to another region within the same member state and only four point four percent moved to another member state. The European Commission (2001) found that commuting is the most frequent form of European Union cross-border geographic labour mobility.
2.7.2 Barriers to Mobility

The European Commission (2001) and Heinz and Ward-Warmedinger (2006) state that frequently cited reasons for barriers to international geographical labour mobility within the European Union include the existence of legal and administrative barriers, the lack of familiarity with other European languages and cultures, the monetary costs of moving, inefficient housing markets, the limited portability of pension rights, the lack of clarity in the international recognition of professional qualifications and non-formal learning and the lack of transparency of job openings.

Having identified the barriers to labour mobility through the literature the next step is to examine if any work has shown that labour mobility could be an advantage source of skills for the Irish Market.

2.7.3 Labour Mobility: A Viable Skills Source for Irish Firms

Heinz and Ward-Warmedinger (2006) state that for the European Union as a whole, cross-border labour mobility can offer a number of advantages through allowing a more efficient matching of worker skills with job vacancies and facilitating the general upskilling of European workforces. Heinz and Ward-Warmedinger (2006) note that this brings about the potential for member states to adjust their labour markets in the face of economic fluctuations and asymmetric shocks. The asymmetric shocks in this case have been derived from research carried out by Her Majesty's Treasury (2002), that has found that labour mobility in the United States
offers an important adjustment mechanism according to Her Majesty’s Treasury (2002), allowing employment to adjust following economic shocks (Blanchard and Katz, 1992 and Bayoumi and Prasad, 1996). Heinz and Ward-Warmedinger (2006) have further concluded that delays in the lifting of restrictions on labour mobility across the European Union as a whole could prove costly as countries could lose access to the skills they are deficient in to maintain their competitiveness and risking losing these skills to competing economies in other economic regions.

2.8 Supports & Structures Available for Firms Wishing to Up-skill their Employees

Examination of literature was carried out to identify what forms of support were available for organisations wishing to upskill their employees. This examination of literature also aimed to identify what work had been published in relation to the structures and models that are available to aid organisations to upskill their employees.

2.8.1 FÁS

Conway and Fox (2007) found that ninety six percent of companies were spontaneously aware of FAS and all were aware of FÁS when prompted. Conway and Fox (2007) further found that recruitment services for employers, apprenticeships, traineeships, training courses for the unemployed and advice on training, were the most common activities of FÁS indicated by respondent companies with less than one in four of the respondents aware of programs such as
‘Excellence through People’. Conway and Fox (2007) outlined that less than fifteen percent of respondents were aware of the ‘One-Step-Up’ initiative—a strong up-skilling tool available for firms. According to Conway and Fox (2007) sixty three percent of firms had never used a FAS service. Conway and Fox (2007) point out that firms may unknowingly have benefited from FAS services through recruiting people who may have trained with FAS at some stage in their careers.

2.8.2 Skillnets

Skillnets (2008) state that they are an enterprise-led support body whose mission is to enhance the skills of people in employment in Irish industry to support competitiveness and employability. Skillnets is funded by the National Training Fund and its stakeholders include leading employer and employee representative bodies such as the Irish Business and Employers Confederation, Chambers Ireland, the Construction Industry Federation, the Small Firms Association, and the Irish Congress of Trade Unions according to Skillnets (2008).

According to Skillnets (2007) they were established in 1999, as a publicly-funded enterprise-led body dedicated to supporting the development of ‘work based learning’ as a strategic response to the challenge of sustaining and increasing the competitiveness of Ireland and the employability of its workers. Operating under the umbrella of the Training Networks Programme (TNP), Skillnets (2007) outline how they work in partnership with networks of enterprises across the country to promote and facilitate the identification, development and implementation of innovative training programmes. According to Skillnets (2007) the Training Networks
Programme endeavours to ensure that training is made available to employees at all levels in participating organisations. Skillnets is funded under the auspices of the Department of Enterprise, Trade and Employment and at the end of 2007, Skillnets (2008) state that an additional increase of funding from the National Training Fund (NTF) brought likely total funding available for the same period to \textit{circa}, €115 million – a significant increase of fifty one per cent.

Skillnets (2007) state that they aspire, to continue increasing participation in enterprise-led training by companies with a view to improving their competitiveness and to facilitate improved access for workers to skills development. Skillnets (2007) state that they will persist in promoting the uptake of training in a wide range of sectors with varying growth potential – from the more vibrant to the more vulnerable, and that their strategy will maintain a special emphasis on upskilling small and medium-sized companies. According to the Skillnets (2007), the training model works because a Skillnets (or training network) is a group of enterprises that decide to cooperate collectively in order to undertake a project or activity that individual companies would be unable to successfully take on if acting alone thus utilising the shared competencies and resources of the network as a whole.

Skillnets (2007) outline that there has been participation by over 7,000 companies which is an increase of eighty six percent. According to Skillnets (2007), 36,500 workers have received training representing an increase of sixty two percent. There were 38,127 and 66,737 training days held in 2006 and 2007 respectively which Skillnets (2007) state is an increase of seventy five percent year on year. Skillnets (2007) outline that over thirty five percent of courses run were independently
certified and that grants of €15.9 million were committed to training networks – an increase of eighteen percent. Skillnets (2007) state that there was investment by companies of €10.8 million in training representing an increase of forty four percent. Skillnets (2007) state, that this amounts to thirty eight percent of the total network costs and that recommendation of participation in training networks were made to others by ninety eight percent of the member companies.

According to Skillnets (2007), the benefits for members of the model were on the performance and personnel of the companies taking part in the different networks to the order of improved employee satisfaction of ninety one percent, enhanced quality by eighty five percent, increased competitiveness by sixty seven percent and more effective teamwork in eighty four percent of members.

2.8.3 Other Sources of New Skills

Irish business will need to be able to access every available source of skills and knowledge to compete in the globalised environment. Two further means of accessing skills and encouraging the upskilling process have been examined.

2.8.3.1 Alliances and Partnerships

Sirkin et al., (2008) state that companies from the Rapidly Emerging Economies, such as China, India and Brazil, recognized that they could not build the skills competencies that they lacked rapidly in an organic growth model. Sirkin et al., (2008) point out that these companies used collaboration and joint ventures with the
best companies in the world to gain these skills. According to Sirkin et al., (2008) through mergers and acquisitions these developing companies were able to bring in the skills to their business that they lacked. Sirkin et al., (2008) argue that a willingness to open themselves up to potential competitors has allowed companies from the Rapidly Emerging Economies to quickly move themselves up the skills value chain towards knowledge based business.

2.8.3.2 Tax Credits

Under the current tax system in Ireland an individual can only claim tax relief for specific third level courses. This tax relief is given at the tax rate which they pay their income tax. Businesses can claim tax relief on training and development that they fund.

Ross (2008) states, that “giving tax credits to students who enroll in prioritized course could help achieve the goal of building a knowledge economy”. According to Ross (2008), such an initiative would place the development of Irish people at the centre of economic policy and by making these credits available over a long period post graduation would cost the exchequer very little from the outset.

The merits of introducing some form of individual tax skilling as a method of encouraging individuals to upskill and to boost the Irish knowledge base will be examined in this research.
2.9 Conclusion

The examination of the literature points to a common theme. There is recognition by the state that upskilling of the workforce is necessary to maintain national competitiveness.

Lane and Ruane (2006) point out that while Ireland has successfully embraced economic globalisation, it is also vulnerable to increased international competition for footloose capital, knowledge and skilled labour.

Having established through the literature that research has identified a skills gap in the Irish labour force the literature was further examined to identify if there was research existing detailing what the then industrial sectors in Ireland were and if the literature identified that any skills gaps were impacting on these new sectors.

There is scant mention in the literature as to how individual businesses will meet the cost of developing their human capital asset. Reports produced by the Expert Group on Future Skills Needs, et al., discuss existing state training and development schemes together with aspirational schemes to meet the need for upskilling in the workforce. It could be argued that a lot of their focus has been based on the state sector. There is little practical mention of how individual businesses will bear the cost of upskilling within the organisation.

O’Driscoll (2005) outlined the drivers of change in the business landscape of Ireland. The success of business in Ireland outside of the public sector in meeting
these challenges in the area of improving their skills base to compete in the knowledge economy is difficult to determine through the published literature and this is further compounded by the dramatic changes seen in the global economy in 2007 and through 2008.

Keese (2006) highlights the importance of understanding the skills gap in relation to maintaining competitive advantage:

Technological change and globalisation are placing a growing premium on higher-level skills. However, we need to know more about what these skills are and how they are acquired. In particular, we need to know more about: Key generic work skills, different forms of learning and labour market outcomes and the role of broader socio-economic factors and institutional settings in skill acquisition , (2006:15).

The research will endeavour to find a consensus on the topics reviewed in the literature and to establish if organisations are experiencing a skills gap in their business. The research will also examine the methods being used in Irish business to bridge any skills gap that they may have identified. It is hoped that the methods chosen by businesses in Ireland will provide a picture as to whether upskilling is found to be the most cost effective method of bridging skills-gaps. Examination of possible initiatives to encourage upskilling will also be examined in this research.
3.1 Introduction

According to Cohen, Manion and Morrison (2000), research is concerned with understanding the world. Cohen, Manion and Morrison (2000) state that this is informed by how we view our world(s), what we take understanding to be and what we see as the purpose of understanding.

This research project was undertaken to investigate the benefit of upskilling workers for Irish business in an effort to remain competitive in the globalised environment.

To conduct the research project effectively it was essential to examine each step of the research process individually and to understand their interdependence.

The research methodology used in this research study is divided into the following phases:

- The Research Problem
- The Research Question
- The Research Objectives
- The Research Design
3.2 The Research Problem

McDaniel and Gates (1991), state that proper definition of the research problem will provide guidance and direction for the entire research process. Research problem definition involves specifying the information needed by the researcher according to Tull and Hawkins (1993). Malhotra (1996) states that problem identification research is undertaken to help identify problems that are perhaps, not apparent on the surface and yet exist or are likely to arise in the future. It is this type of problem identification that the author hopes to explore in this research.

The research problem under investigation endeavours to examine the benefits of upskilling workers for Irish business in an effort to remain competitive in the globalised environment. The research problem is being investigated to gain a further insight into whether those at the helm of Irish business believes that there is currently a skills gap in the Irish labour force and whether upskilling is the most cost effective means of bridging the skills gap in an effort to boost competitiveness.
The author's motivation for investigating this research problem is to gain an understanding of how businesses view the skills currently available to them to boost their competitiveness. Analysis of the literature published on this research problem has shown that there is a lot of statistics and policy published on behalf of the government on moving towards a high value economy. The analysis of the literature indicates that there is little attention given as to how individual businesses can support or finance this transition. The issue is just not a problem for Ireland. The Lisbon Agenda (2005), as noted in the Chapter 2.1 of the current study, emphasises human capital and related investments in education and training as important policy levers to foster growth, employment and competitiveness, together with innovation, research and development.

The author in researching the research problem will examine the perceptions of the state authorities and how their perceptions relate to the need for upskilling.

According to Malhotra (1996) research questions are refined statements of the specific components of the problem. Saunders et al., (2003) state that the research question is one of a number of key questions that the research process will address and that they are often the precursor of research objectives.

In the following sections of this chapter the author will detail the objectives of this question, the strategy taken to answer the research question and the methods used to achieve the research objectives.
3.3 The Research Objectives

Saunders *et al.*, (2003) state that research objectives, in terms of evidence of a researchers clear sense of purpose and direction, are more generally acceptable to the research community.

This research is intended to achieve a number of objectives:

1. To examine the impact of globalisation on Irish businesses
2. To assess the experience of Irish businesses of the skill levels available in the Irish labour force
3. To investigate if Irish businesses believe that a skills gap exists in the Irish labour force
4. To identify solutions that Irish businesses have identified to any potential skills gap-
   - The use of outsourcing value chain components
   - The use of alliances and/or partnerships to access skills.
   - The impact of labour mobility on any skills gaps.
5. To examine the level of awareness existing in Irish business of state supports available to upskill employees
6. To discuss the costs and benefits that Irish businesses experience from the upskilling process
This research in meeting the objectives sets out to answer the research question posed. The methodology chosen and justification for same is outlined in the next section.

3.4 The Research Design

According to Malhotra (1996) research design is a framework for conducting a research project, which details the procedures necessary to obtain the information needed to structure or resolve the research problem. Chisnall (1985) states, that the research design forms the framework for the entire research process. According to Chisnall (1985) if the research design is good it will ensure that the information obtained is relevant to the research problem and that the information is collected by objective and economic procedures.

Malhotra (1996) classifies research design into two categories, exploratory and conclusive. Exploratory research, according to Malhotra (1996), provides insight and understanding of the research problem and can be used where the researcher needs to define the problem more precisely. Malhotra (1996) states that the research approach adopted should be flexible and unstructured and may consist of personal interviews with experts in the research area. This research adopts Malhotra’s approach and is flexible and consists of face to face interviews. According to Malhotra (1996), conclusive research is more formal and structured than exploratory research and typically consists of data being subjected to quantitative analysis.
Van Maanen (1983) defines qualitative methods as an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world. Easterby-Smith et al. (1991) state that in-depth interviewing is the most fundamental of qualitative methods.

Malhotra (1996) defines quantitative research as a research methodology that seeks to quantify the data and typically applies some form of statistical analysis. According to Malhotra (1996) qualitative research provides insight and understanding of the research problem. It is the difference between the two approaches that led the author to use a qualitative approach for this research project. Participants in research may not always be willing to, or able to, answer certain questions in a structured format. This may be because of privacy issues, confidentiality issues or the subject may be too complex for a straight statistical type of response. Malhotra (1996) states that in such a situation qualitative methods can be used. One such method is the direct approach, defined by Malhotra (1996) as where the purposes of the project are disclosed to the respondent or are obvious given the nature of the interview.

To achieve the objectives of this research project the qualitative research method of in-depth interviews was used. This allowed the respondents to expand on their feelings about the topic rather than choose a straight or scaled answer. The author believes this to be a just reason for the choice of research methods as the purpose of the project is to gain an insight into the issues regarding upskilling from the
respondents rather than the structured quantitative data currently available in state agency reports.

3.5 The Research Strategy

According to Saunders, Lewis and Thornhill (2003) a research strategy should be a general plan of how one would go about answering the research question and it should contain clear objectives derived from the research question. Saunders, Lewis and Thornhill (2003) state, that the sources from which data will be collected should be specified and consideration given to the inevitable constraints.

The current research uses qualitative methods utilising the direct approach method of in-dept face to face interviews. These interviews were carried out on a one to one basis which allowed the respondents to articulate their experiences and views on the research question. The sample size chosen was from six to fifteen respondents limited by access. The respondents were chosen from a cross section of the business community comprising of state bodies training agencies, representatives of the construction and retail sectors and from the risk management industry. The rationale for choosing a broad cross section of the business community was to gain a broader view rather than a narrow one based on sector. This decision stemmed from carrying out database checks on the subject of upskilling which produced results in the majority relating to just the information technology sector.
3.6 Interviews

According to Kahn and Cannell (1957) an interview is a purposeful discussion between two or more people. Saunders et al., (2003) state that in-depth interviews allow researchers to learn not only the “what and how” but allow more emphasis to be placed on the “why”.

Sixteen potential respondents were selected which the author believed would give the broad cross section of opinion required on the research topic. Eight people agreed to take part in the interviews. All interviews were recorded by digital recorder with the agreement of the respondents.

Interviewee Details

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<td>15/10/2008</td>
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<td>Construction</td>
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<td>1715-1740</td>
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<td>Government Minister</td>
<td>22/11/2008</td>
<td>1100-1140</td>
<td>Minister for Education and Science</td>
</tr>
</tbody>
</table>
The first interviewee approached was Ms. Ellenora Lynch, Network Manager for Biznet Cork Skillnet. The initial approach was by telephone on October 10, 2008. The purpose of the call was explained and the research question explained to the prospective interviewee. The author chose this interviewee as the Skill Nets model is cited as one of the methods available for upskilling employees.

The second interviewee approached was Mr. Ken O’Reilly, Managing Director of Express Security Group. Contact was made by telephone and follow up email on October 13, 2008. An appointment was arranged with Mr. Rory O’Reilly, Group General Manager, whose brief includes the training and development programmes, for October 14, 2008. Express Security Group was chosen as the author was aware through a previous research project that the organisation was very proactive in the area of employee upskilling to boost competencies and enhance their competitive advantage.

The third interviewee requested to remain anonymous due to the close and sensitive nature of the relationships between their customers and their clients. As this company supply retail business development personnel as an outsourcing agency the author believes this is an ideal sector to examine the objectives of the research.

The fourth interview was conducted with Mr. Alfie McAvoy, Sales and Marketing Manager of C&W Windows Ltd. Initial contact was by email on October 15, 2008. The construction sector is being impacted on by the economic slowdown in Ireland
through 2008 and provides an ideal forum to explore how businesses are working with their human capital to boost competitiveness.

The fifth interview was conducted with Mr. Adrian O’Brien, Associate with an Architecture Practice (requested confidentiality of the practice name). Initial contact was by telephone on October 9, 2008. As with the previous respondent this sector is greatly affected by the slowdown in the economy and is searching for new opportunities to do business.

The sixth interview was conducted with Ms. Jill Donovan, an Irish graduate who works in the United States of America with the global financial services organisation, Fidelity. Initial contact was by email on October 31, 2008. The author believes that the views of an Irish graduate working for a major global organisation give a holistic view of the quality of Irish skills in a global context.

The seventh interview was conducted with Mr. Michael O’Mahony, the training manager with Thomas Crosbie Holdings. Initial contact was by email on November 12, 2008. The interviewee is responsible for the training and development programmes in a major Irish media organisation.

The eight interview was held with Minister Batt O’Keefe T.D., Minister for Education and Science. Initial contact was by introductory letter and followed up by telephone contact from the Press Secretary of the Department of Education who arranged the meeting. Due to time constraints for the Minister he focused on the
area of policy regards to upskilling and education and has provided policy documents relating to this programme.

### 3.7 The Interview

The interviews were carried out in accordance with the schedule detailed on page 52. All interviews commenced with introductions and some background information and agreement regarding confidentiality and recording of the interview. The interviews were transcribed by the author on completion and printed for the completion of the data analysis.

### 3.8 Data Analysis

According to Easterby-Smith et al., (1991) many researchers after collecting qualitative data spend a great deal of time turning it into numbers or otherwise trying to quantify it. Others argue that doing this spoils the richness of the data and fails to give the holistic view so important in qualitative research. Saunders et al., (2003) state that by arranging qualitative data into meaningful and related categories the research is allowed to rearrange and analyse data in a systematic and rigorous way.

The author has arranged the data collected from the respondents, typically paragraphs from the interview transcripts, in categories based on the objectives of the research question to be answered. Saunders et al., (2003) state that the next stage in the process is to unitise the date which is to attach units of data such as groups of
words to the categories. This elective process, guided by the purpose of this research, has the effect of reducing and re arranging the data into a more manageable and comprehensible form according to Saunders et al., (2003). Each statement was compared to others assigned to the categories. Throughout the process categories were cross referenced to each other. The categories were also cross referenced to the data in chapter 2. This helped to identify links between the categories.

As patterns and linkages were established between the categories it was possible to establish hypotheses. These hypotheses were examined to identify possible alternatives and identify conclusions.

3.9 Limitations of the Study

The main limitations of this study were the lack of availability of the proposed interviewees and the time scale for completion of the study.

3.10 Conclusions

According to Saunders et al., (2003) qualitative data are based on meanings expressed through words.

This chapter has discussed the research methodology used by the author to find an answer to the research question. This has been done by outlining the steps taken during the research process and explains the manner in which the steps are
interrelated. Details have been given of the research problem involved, the research question, the objectives of the research project and the strategy used to carry out the research. The manner of data collection has emerged from the interview guide and from the selection and accessing of potential respondents.

The next chapter outlines and analyses the data collected in this study. The data will then be compared in Chapter 5 with the data contained in the review of literature. Then, in Chapter 5 the conclusions from this process will be given and recommendations for any further research will be made.
Chapter 4

Findings

4.1 Introduction

This chapter presents the findings from the in-depth interviews categorised according to the research objectives as set out in Chapter 3.4. Eight interviews were undertaken with respondents from a cross section of business sectors and state funded entities involved in the area of upskilling. One of the interviews was carried out with the current Minister for Education and Science who discussed government policy and initiatives relating to upskilling and education. Full transcripts of the interviews are available from the author.

The interview guide was developed from a review of the literature in Chapter 2, which contained the literature pertaining to the research question. The process of developing the questions followed the rational of the research methodology as set out in Chapter 3. Saunders et al., (2003) state that the findings chapter is the opportunity to report the facts uncovered in the research. Saunders et al., (2003) further state that this is the chapter of the research project where direct quotes from the interviewees can convey the richness of the data gathered and prove to be the equivalent of the graphs and charts presented in quantitative research findings.
This research study sets out to ascertain the views of people in the Irish business environment on the current situation regarding the cost and benefits of upskilling employees to boost competitive advantage in the globalised marketplace.

All interviewees agreed to the use of the quotations attributed to them for the purpose of this research. Some of the interviewees asked to remain anonymous due to the interface with clients at both ends of their business.

4.2 The Skills Challenge for Irish Business

Irish business now competes in a globalised environment that is so dynamic that current skills bases are quickly outdated. As already discussed, in Chapter 2, for Ireland to become a knowledge based economy by the year 2020 the skills makeup of the workforce will have to become radically improved. This study looks at the potential costs and benefits involved for Irish business to achieve this goal. The findings of this study are examined under the following headings:

1. The impact of globalisation on Irish businesses
2. The experience of Irish businesses of the skill levels available in the Irish labour force
3. The existence of a skills gap exists in the Irish labour force
4. Solutions that Irish businesses have identified to any potential skillsgap:
   - Outsourcing
   - Alliances and partnerships
   - The impact of labour mobility on any skills gaps.
4.3 The impact of globalisation on Irish businesses

This research study has found that the impact of globalisation varies between sectors. These impacts are seen by interviewees as both a positive outcome and as a challenge to compete and a skills quality issue:

*In our business there are firms competing for projects all over Europe and vire versa,*

(Adrian O’Brien, Associate with an Architecture practice)

This view is expanded on by another interviewee:

*It’s competing not only internally with everything but also internationally and you’re finding that because of the Celtic Tiger, I think, that businesses have grown and outgrown the economy and they find that they have to go international to keep the size of the operation going, and even in a small company like this one we’re starting to look for contracts internationally as well.*

(Alfie McAvoy, Sales and Marketing Manager, C& W Windows)

This research acknowledges that the dynamics of business in Ireland are being changed by globalisation:
In the retail business we now have competition from Lidl and Aldi. They are putting even more pressure on our customers to cut costs. There's also more consolidation in the business. Take Lever's, they contracted their whole business out to a single UK based agency where one representative does all the ordering and merchandising. Before this you would have had two or three part time merchandisers and a weekly visit from a representative. If more suppliers do this then it will change the whole retail distribution industry.

(Respondent A)

One interviewee stated that labour costs and the connectivity on a global scale brought about by the internet meant that Irish business was competing with everyone, everywhere for everything:

Yes, particularly considering the costs of labour in Ireland currently. The ‘world wide web’ has taken hold and competition from the 4 corners of the world is now a reality.

(Mr. Michael O’Mahony, TCH).

Another interviewee stated that the entrance of new players in the market that they operate in is impacting on their sector:

In our business, the challenge is from companies who charge cheap rates and supply undertrained staff.

(Mr. Rory O’Reilly, Express Security Group)
This view underpins the potential negative impact of global competition.

The view that Irish business was more than capable of competing on a global scale was expressed by an interviewee. This interviewee also stated that the full potential and quality of the offering may not be fully realised by Irish businesses:

*I believe that the Irish business is more than capable of competing at a global level but may not be executing this to its full potential. Working in a USA Corporate market, and looking at the quality of service and delivery in US Firms, I feel like Irish companies are as good as other companies out there.*

(Ms. Jill Donovan, Fidelity, USA)

A finding of this research is that Irish businesses are more than capable of competing on the global scale but may not yet be realising its potential to do so. Furthermore despite the challenges involved Irish business may not yet be aware of the quality of what they can offer to the global market.

4.4 The experience of Irish businesses of the skill levels available in the Irish labour force

Achievement of the Irish government’s vision of Ireland becoming a knowledge led economy by the year 2020 is founded on the premise that the correct skills levels will be available to employers. In this research the concern is with the experience of Irish businesses as to the current level of skills available to them:
People with skills are there but trying to find them is the next part. I find that people within our industry are hidden be it within a static job or a retail job, where they would have key competencies, for example computer skills or language skills- they could have fluent English , maybe they are fluent in Irish, French or German, which some of our customers might require.

(Rory O’Reilly, Express Security Group)

Another view expressed by the interviewee is that for the security industry the skills identification process used to identify competencies that could be leveraged was flawed:

When you go out into industry it’s exactly the same thing. The competencies aren’t looked at. There should be measurements there. You should be able to collect and see the skills and go forward and maximise the benefits from those skills.

(Rory O’Reilly, Express Security Group)

Respondent A concurs with this, while noting that their industry was a low skills sector. Respondent A has observed the skills levels that many employees actually had and pointed out that in her experience many had third level qualifications but struggled to gain employment in their area of qualification often due to language difficulties:

With so many foreign nationals taking these low skilled, low paid retail and hospitality jobs, after a time you get to know them and you find that a lot of
them are University educated but can't get work here usually because of language problems.

(Respondent A)

The lack of skills availability was taken up by another interviewee but he did point to the change currently taking place in the Irish economy (the year 2008 has seen a dramatic and well publicised downturn in the Irish economy and a global financial crisis) and its potential impact on skills availability:

We've had to go out of the country to get people to fill vacancies that the company had available. We couldn't get them locally in the Irish labour market. They were all working at that stage. That may not be the case now with the downturn, but at that stage there weren't Irish workers with the skills that we wanted.

(Alfie McAvoy, C&W Windows)

One interviewee who works in the United States of American stated that the quality of skills being produced by the Irish third level sector is as good as that in the United States and that the Irish work ethic is probably stronger:

Working in one of the largest financial services institutions in the world, I think the level of skills available in the Irish labour market is comparable, if not better than what is available in the USA. Again and again, I see the work ethic of Irish graduates to be above and beyond their US counterparts, delivering better quality work, and excelling faster in the workplace.
An interviewee who works in the training and development sector stated that the experience in the Skillnets model in which she is employed was that there was a very high level of skills within the organisations that they worked with. Skillnets work with member companies and supply training courses on a network model where employees from across different sectors can share in training services:

> Our remit is to work with the different sectors. We wouldn't work with the unemployed at all. What I can say is that a lot of the companies we work with have highly skilled workers. We work with retail, hospitality and we work with multinationals and Small and Medium Enterprises. There's obviously a different pattern of employment in multinationals and Small and Medium Enterprises therefore, a lot of the people we work with are highly skilled so we're not representative because anyone we're working with are employed.

(Ellenora Lynch, Biznet Cork Skillnet)

This research has found that Irish businesses have been able to build a strong skills base within their companies but the section of the research involving Skillnets is limited by the fact that Skillnets only work with the employed and have no interface with the labour market and the unemployed.
Another interviewee concurred that the skills levels of Irish workers was high, driven by the strength of the Irish education system but that it was developing this talent that was the challenge for Irish business:

"We certainly have a good education system and tend to get good raw material – the challenge for organisations is to grow the talent when they come in to us".

(Michael O’Mahony, TCH)

This research finds that there is a belief in Irish business that the development of people when they come into the workplace is a challenge presented to them.

An interesting finding from this research points to a situation in the Irish labour force where skilled workers from abroad may not be identified because of possible language barriers preventing them from going forward as candidates for positions and the fact that Ireland has had to import skilled labour to fill vacancies and supplement the existing labour force. This research has found that Irish graduates possess a skill level and work ethic comparable to any of Ireland’s global competitors.

4.5 The Existence of a Skills Gap in the Irish Labour Force

The National Skills Bulletin (2006) as discussed in Chapter 2 identifies the areas where there are skills deficiencies in the Irish labour force. Barry (2007) as stated in Chapter 2 pointed out that the success of Ireland in moving into high technology
economic sectors could not have happened without the necessary technological skills being available. This research has found from investigating the experience of Irish business with the interviewees that there is a strong skills base available in Ireland but noted that as businesses change skill gaps emerge.

One interviewee expanded the necessity to import labour, to fill vacancies that could not be filled from the existing labour force due to the high employment levels in Ireland in the ten years up to the year 2008. These high employment levels created a skills gap as those with the required skills for the interviewees business were in employment and potential candidates did not possess the necessary skills. In addition to importing labour with the required skills, this interviewee points out that his company has introduced development programmes for employees to build required competencies within their existing workforce:

*I wouldn't say so much that there was a skills gap in that we had reached full employment at that stage, but definitely there's always room for improvement in skills. For any people that we employ in this company we try to put a career path in place whereby they themselves will start off at a skills level and increase the skills through courses and that as they move forward in their career within the company will possess the competencies required because of extra training and extra skills that they acquire.*

(Alfie McAvoy, C&W Windows)

Another interviewee concurred with the previous finding in relation to construction and construction related sectors:
No, not in our industry (construction and construction related), there's plenty of skills available in all areas of the construction industry.

(Adrian O'Brien, Practice Associate)

This research notes the manner in which skills gaps are identified and managed by employers. One interviewee has explained that without a proper job description for employees and the use of training needs analyses, employers cannot develop their staff in a manner that will allow them to perform in a manner that achieves the objectives of the business. This research has found that employers need to find a balance between the type of training that employees may want to participate in and the type of training that needs to be carried out to boost the competencies of the business. Furthermore, this research has found that the good training and development plans within companies will increase employee motivation levels and increase employee retention rates:

There's always a skills gap. Employers are always looking to work with their staff in order to achieve their aims and I mean you're never going to have a person that has everything that you need to get to where you want the business to get to. I think the issue is sometimes identifying what needs to be done with an employee or an individual. It can be very difficult to be objective about someone's training needs and it can be very difficult to identify their training needs. Without a proper job description or without a proper defined role for an individual it's very very difficult to carry out a good training needs analysis on the individual employee because if you don't know what kind of work a person is going to be doing and their
authority and responsibility levels then how can you identify their training needs. And the other thing is what type of training that people want and what people need can be a very difficult factor in terms of training. I think employers have to strike a very good balance between doing the training that people want in terms of motivation and encouraging retention but also what people need as well so that they’re better equipped to perform in the job when this balance is found.

(Ellenora Lynch, Biznet Cork Skillnet)

This interviewee pointed out that employee development is not only about upskilling but it also has an element of social awareness involved:

Some of what we do in our training programmes is upskilling and some of it is awareness. We have a course coming up next week which is about diversity in the workplace. That’s not upskilling per se because what the participants will learn is to understand more about culture and diversity in the workplace but that won’t increase their productivity, say in terms of the sales person it’s their sales figures. It’s set in the working environment. Of course it would be more about people working together.

(Ellenora Lynch, Biznet Cork Skillnet)

A finding emerging from this research is that in some sectors, the dynamic has been changing from skills shortages due to high employment rates, to awareness by some employers of the need to upskill employees to meet the business needs to compete.
4.6 Solutions to Skills Gaps

This research has examined some possible solutions to skills gaps. Alternative methods of value creation where skills are insufficient such as outsourcing and alliances have been examined. Labour mobility, which has been discussed already in this chapter, is also examined now.

4.6.1 Outsourcing

This current study investigated the views of the interviewees on outsourcing as a cost effective alternative to upskilling workers.

One interviewee believes that outsourcing is not really cost effective:

Not really, it wouldn't be cost effective because it would cost us more money so what we've done is that we've up skilled people within our organisation to go on to be trainers.

(Rory O'Reilly, Express Security Group)

Respondent A, took the opposite view to outsourcing as a solution to skills gaps, given that the company that she works for is an outsourcing contractor. Respondent A did state that being a low skills requirement company, as pointed out during the interview, meant that they may not be representative of Irish business as a whole.
I suppose we are an outsourcing agency so of course we think it's a more cost effective solution for our customers. We do probably fall a bit short in upskilling ourselves, a lot more could be done in the area of people skills and selling techniques because we have to convince the store managers to give us the prime locations for our customers' products. This could only be good for the business.

(Respondent A)

Another interviewee stated that his company outsources to maintain efficiency when there is pressure on the business to maintain production levels and gains cost effectiveness from that aspect:

In this company we don't have much outsourcing. The only time that we'd outsource is when the bulk of work in a particular area is too big and there's pressure on which increases the possibility of mistakes being made because of deadlines being forced on people. One area, in particular, is the drawing office where on some occasions we would outsource the drawing of plans of things that we are manufacturing here but it's only simply because of overwork in the office itself.

(Alfie McAvoy, C& W Windows)

Another interviewee concurred with the cost effectiveness of outsourcing elements of work in certain situations, and also pointed out the value of outsourcing specialist tasks where the frequency of requirement was not cost effective enough to upskill their own people:
Yes, from time to time you would outsource certain skills because you wouldn’t need them on a regular basis, i.e., 3D specialists or any people like that. It would be more cost effective to outsource them than to train your own staff to do it.

(Adrian O’Brien, Practice Associate)

One interviewee stated that outsourcing was contingent on the circumstances involved. These could be maintaining a cost versus service balance or the level of importance of the operation in question to the business:

You need to research the cost savings against the actual service received. In our case some functions have been outsourced and others remain in house because of the nature of the work or the service we require is regarded as too critical to outsource.

(Michael O’Mahony, TCH)

A trend in the findings of this research is that while Irish businesses do look at the outsourcing option they only use it after weighing up the cost savings against the impact on service and efficiency.

Businesses will always require an element of outsourcing to meet the needs of the business according to another interviewee. This interviewee stated that in her experience, there is currently more of a move towards training and upskilling employees, and a realisation that keeping good people within the business can be a better strategy than outsourcing:
Whether work is outsourced or not depends, on what needs to be done. There's always going to be a certain amount that's going to be outsourced. What we're seeing at the moment in Skillnets is a lot of interest in training from companies. We deliver subsidised training and I'm definitely getting more enquiries from companies about that and I think that's because there is going to be a trend towards more training. I think talent management is an aspect of training that isn't used and is going to become more important over the next couple of years. I think that companies are going to realise that they need to keep their good staff and a very good way of doing that is through training. Some companies may be inclined to outsource at the moment, but we are seeing the move towards upskilling. We have one company who have come to us and are interested in developing a post graduate qualification based on their marketing and business methodology methods. I think companies are very much looking at upskilling and I think that's driven by the need to maintain productivity and performance.

(Ellenora Lynch, Biznet Cork Skillnet)

An emerging finding in this research is that outsourcing is one strategy used to boost competitiveness and access skills that are not available internally. Irish businesses are using a combination of outsourcing and upskilling to increase their competencies and create value. The use of alliances and partnerships as a means of filling skills gaps was the next solution investigated in this research.
4.6.2 Alliances and Partnerships

This research examined the example of businesses in the Emerging Economies of Asia and South America being willing to open themselves up to possible competitors to learn and gain knowledge and skills rather than taking a protectionist stance to their business as a method to be investigated in relation to upskilling.

One interviewee stated that this was the method used in their industry to improve service standards and the quality of service provided by the industry:

*In our industry if most of the companies work together and they are all singing off the same hymn sheet, with the same policies and procedures then we'll get to where we are meant to get to. We have specific codes within our industry to allow us to take out the trainers into the industry. If we work together, put an alliance together then of course we'll get to the goals that we are looking for.*

*Partnerships: at the moment, we have partnerships whether it is in training or company partnerships. You have associations where there are other companies involved, maybe to discuss rates of pay for the industry. There's a level playing pitch out there. It works for us.*

(Rory O'Reilly, Express Security Group)

Another interviewee stated that he had not looked at this concept before, but that his company had been exploring the benefits of alliances in terms of increasing the
value offering to customers, in part, driven by the types of contracts they are pursuing. These contracts, many of which are government issued, require that the company provides additional services to their core business of windows and glazing:

*I hadn’t thought of it in terms of bridging skills gaps within the business. In the industry that we’re in now, (the glazing and window industry), we’re trying to push the commercial end of the business for the company and part of the way that tenders are coming in these days, in particular government contracts and some of the bigger contracts, has been requiring the full envelope of abilities, requiring in those circumstances that they may require cladding to be done as well so with just glazing you are at a disadvantage so we have looked at the idea of forming partnerships with cladding companies so that we can offer the full envelope of abilities.*

(Alfie McAvoy, C&W Windows)

This research has found that the Skillnets model is an example of using partnerships and alliances to solve skills gaps that may exist in businesses. Partnerships and alliances to increase skills that are available within a business is exactly what Skillnets are about according to another interviewee:

*That’s all about what we do here. We have a network of over 100 companies and they range from owner operator companies up to Apple and EMC, very large multinationals. We have training courses on offer to the members of the Skillnet. As an example, we have a training course on Thursday for the*
retail sector, IT, hospitality; a whole range of people and the reason for that
is networking. I mean you used the term partnerships/alliances, we use the
phrase networking, and it's the same concept.

(Ellenora Lynch, Biznet Cork Skillnet)

This interviewee expanded on the methodology and benefits of the model which
underpins the finding of this research in relation to partnerships and alliances:

What we're all about is training through networks so the vast majority of the
training that we do is open courses that are available to all the members of
the network. We do some in house training (at our members' sites) where it
is focused and sometimes it is the best way to do training. There's also a
perception sometimes in companies that they need to go in house and that
they need to be 'firm specific' in the type of training being carried out. It's
not always a problem that is specific to their business that needs to be
solved. There's a huge amount to be gained when you get good diversity at a
training course. You still have to be careful about some thing where you
have people in from different companies. You do have to maintain
confidentiality but its how we operate and I think the model does work.

(Ellenora Lynch, Biznet Cork Skillnet)

Another interviewee pointed out how their practice had benefited from utilising the
competencies of others in partnerships and alliances:
We have taken that approach on occasions for bigger projects where we have pooled in with another architecture firm and used their resources and our own on the project. That way, we both gain from the others expertise, e.g. we are very strong in the retail area so we can bring that experience to the project.

(Adrian O’Brien, Practice Associate)

This research has found that while the formation of partnerships and alliances to bridge skills gaps in an organisation may be taking place without the clear strategic intent being used in the Rapidly Emerging Economies.

This research investigated labour mobility which has been mooted as of great benefit to Irish business as a further solution to skills gaps in Irish business. Labour mobility was the next solution to skills gaps explored with the interviewees.

4.6.3 Labour Mobility

The opportunities presented by a mobile labour force were examined in the interviews, as were the challenges involved, with special focus on labour mobility and barriers in the European Union.

One interviewee responding in this research stated that labour mobility was vital for success in their business particularly when there were high employment levels and the Irish labour force was not particularly motivated to work in the low skilled services sectors.
The majority of people we have hired in the last few years have been foreigners, mostly Polish, but a lot of Africans too. When the Irish workers had a choice of jobs these were the people who were willing to work the funny hours for the lower wage rates. So for our business, mobility is a plus. There’s very few shops, restaurants, hotels etc., around now that don’t have a lot of foreigners working for them.

(Respondent A)

According to another interviewee the experience of labour mobility is a positive one bringing in new skills and she also has personal experience of the positive side of labour mobility having worked abroad herself:

It has changed the skills available as well and I think it has raised the bar a bit as well to an extent in relation to labour availability and skills availability. I have a different background where I have worked a lot overseas so I would be very positive about labour mobility.

(Ellenora Lynch, Biznet Cork Skillnet)

Responding to this research one interviewee stated that labour mobility prevents the business from becoming stagnant and allows a diverse culture to be created in the organisation but, cautions that strong training and development plans are needed to maximise the benefits of labour mobility:
It is important to encourage mobility, it prevents stagnation, it also allows organisations create different cultures through increased turnover. However it can be costly with regards to retraining, so you need to have your training programmes very practical and cost efficient.

(Michael O'Mahony, TCH)

Another interviewee concurs with the positive impact of labour mobility not only in bringing in required skills to Ireland but where people are flexible to mobility. It means that companies can compete for business across borders and have a flexible labour force to carry out these contracts. This is in addition to the benefits such as accessing labour at a time of high employment in Ireland is an emerging finding in this research:

Yes, well from our perspective it has been very useful, for example, in the case of international contracts that we may acquire and sign up for. My own personal opinion is that if you have, a Polish worker working here on a contract he’s away from home in Poland. If in turn, he’s being sent over to work on a contract in England he’s still away from home in Poland so, it’s less hassle to him or that worker to move location. Whereas, if we had say, all Irish workers, you were sending them over to a contract in England so they are being inconvenienced to a greater degree.

(Alfie McAvoy, C&W Windows)

The benefits pointed out by the previous interviewees have certainly been experienced according to another interviewee. He cautioned that the slowdown in
the construction sector throughout 2008 and 2009 (and expected to continue to at least 2011), will for the construction sector, mean that mobility will not be as important for sourcing labour to fill skills gaps in that sector in Ireland:

Labour movement across Europe- well obviously there are benefits from both sides, bringing people into us and sending people abroad for projects. Without a doubt, there is some benefit- yes. Although in the present market, (emphasis on the major slowdown in the domestic construction sector) it is not as important as it would have been.

(Adrian O’Brien, Practice Associate)

There is an interesting trend developing in this research which indicates the positive impact that labour mobility has and can have on Irish business competing both domestically and internationally. This trend is showing that labour mobility is helping fill the skills gaps developing because of the change in the business landscape of Ireland and also helping Irish businesses to compete in the global market.

A further interesting finding of this research is that labour mobility builds diversity in organisational culture and the introduction of this diversity can encourage the creation of strong development programmes in a company.

The state as the policy maker for economic development in Ireland has strategies, initiatives and agencies in place to increase the skills available to its economic partners and this research explored the state supports available for upskilling.
4.7 Awareness of State Supports

This research investigated the level of awareness of the two main state funded entities in the Irish business environment, FÁS and Skillnets.

4.7.1 FÁS

FÁS, the state training agency as indicated in Chapter 2 has already had a report commissioned into the level of awareness of the services they provide. This research endeavoured to find a relationship in the results found by the FÁS study and the views of the participants in this study.

One interviewee first detailed his company’s involvement with FÁS:

> FÁS have the ‘Excellence through People’ award. I project managed the whole process of gaining this award for our company. It’s quite tough but once the system is running it works.

(Rory O’Reilly, Express Security Group)

In relation to the services provided to support industry, this interviewee indicated his belief that FÁS do not focus enough across industries:

> FÁS itself I think could do more within our industry, what you experience is that funding becomes available for training and then it’s a quick sell getting bodies through the system within a few months and then it’s done, they’re
trained. What about upskilling these people further? What about bringing them to another level? They are after getting to level 4, for example. Why can't the supports be there to bring these employees to level 5 and why can't we put these people back into the industry with more knowledge? The training available needs to be a development process not just a budget allocation. So that the security industry becomes more knowledgeable itself, and that security guards are not looked at as being like those seen on TV, where they fall asleep and that. It does happen, yes, but if they have more knowledge and responsibility it will change the image a lot.

Yes, FÁS could do a lot more, I think, when it comes to it. The services that are available from FÁS: there are a lot of services available but you have to go looking for them. There's no one from FÁS coming to us and saying look, this is available, this is available and this is available! It can be a closed shop.

(Rory O'Reilly, Express Security Group)

Another interviewee concurred that access to FÁS can be difficult and restricted with a bureaucratic process being the perception in the marketplace of the organisation:

FÁS are perceived as bureaucratic and they are perceived in the business environment as not available to many companies. Businesses think that there is a fine line between the necessary paperwork that you need to have, that anybody needs to have, and there's the criteria that is put on by FÁS. I
mean, FÁS run the training courses on a services basis and the criteria for attendance are very strict. Are you familiar with the situation that to access FÁS training where you can’t be a multinational, you have to be an Irish SME, and you can’t be a partly owned subsidiary? The criteria for access to the training can be quite strict. FÁS there’s no doubt that their training is good. I wouldn’t in any way cast a slur on it, but it can be very difficult to access- very bureaucratic, you need to persevere with the paperwork once you receive it. That’s not what people want.

(Ellenora Lynch, Biznet Cork Skillnet)

This interviewee also stated that part of the accessibility problem could stem from the fact that FÁS is a state agency and has to abide by the state process mechanisms:

At the end of the day there are political agendas that they need to pursue and sometimes they can ask an organisation to pursue a political agenda that isn’t correct for that organisation to pursue but if FÁS are mandated and have to go the way their mandate dictates, then, they are obliged to achieve these goals and that’s where it becomes very very difficult. Because if the government are saying that you’re not getting funding unless you do this-of course you do this. But then you’re not going to be able to do it very well because it’s not what industry wants or what people want. I have sympathy for them in that they’re within the system. It (the difficult access) didn’t come out of nowhere. I’d like to see FÁS change. At the end of the day, we need apprenticeships, training for the long term unemployed and those wishing to re enter the workforce.
According to this interviewee there are sections of the population who have potential to enter the labour force or who may need work specific skills added to their third level qualifications that have difficulty accessing the state training services:

There's a gap in the market, from what I can see, for graduates who come out and can't get work which is going to become more and more common over the next couple of years. What kind of training can you do with those kinds of people? Then there's training for women going back into the workplace which is going to become less important as years go on. There's no doubt that training is needed, but it's a perception as well. There are people that wouldn't go to FÁS without having had any difficulty with them. They'd assume that the paperwork is desperate and wouldn't go there.

(Ellenora Lynch, Biznet Cork Skillnet)

The perception in the marketplace of the bureaucracy in dealing with FÁS was also raised by another interviewee. This interviewee also noted on the lack of awareness of the services that FÁS actually provide:

We have a high enough level of awareness FÁS - but not of the services offered - disappointed in bureaucracy in FÁS - companies don't have time to get through all the paperwork and politics involved.

(Michael O’Mahony, TCH)
The lack of awareness of possible appropriate FÁS services was also cited by another interviewee:

*I would know who FÁS are but I don’t know of any services they could provide for us other than using them to look for staff.*

(Respondent A)

The topic of access to and the services provide by FÁS was raised by an interviewee and he stated that:

*FÁS need to improve their marketing. They need to look at the services they provide and maybe cater them more to the individual business. ‘The Excellence through People’ process was a lot of work but worth it and it showed what can be done. Funds and supports need to be more accessible and better advertised.*

(Rory O’Reilly, Express Security Group)

Another interviewee pointed out the benefit his own company has gained from upskilling people and hiring better qualified people. He continued by concurring with the other interviewees in the belief that FÁS needs to be marketed better and to tailor its services across a broader spectrum as is being done by private training providers:

*If FÁS is to survive they’re going to have to come out to industry and see what they want. There are emails going around the place all right pushing*
education, skills and training courses and the likes of accounting packages that are for small businesses. That kind of thing from a government point of view rather than from a private industry point of view would be of benefit.

(Alfie McAvoy, C&W Windows)

Another interviewee also felt that FÁS could develop courses for their area of business as the retail industry itself has little inclination to develop professions within the sector any more than it has to:

There is nothing there for the retail side of business. Something in merchandising, building displays could be done. But shops and agencies would be unlikely to pay for this sort of training. They don't really look at our business as a profession and there's too much turnover of staff. Maybe a cert in retail would be good for the state to set up; it could be a FÁS course.

(Respondent A)

This research is identifying that there is a perception of bureaucratic barriers, lack of interface with sectors within Irish business and a poor awareness level of the services provided by FÁS. This finding is indicating a possible marketing issue for FÁS and the possibility that the mandate set by the government for FÁS may need to be reviewed.

The Minister for Education and Science stated that he believed that FÁS could no longer stand alone as a training agency and that a major review of the organisation is to be carried out:
I believe that FÁS cannot stand alone any longer as a training entity. FÁS is going to be changed. It's not possible for it to remain as is.

(Minister Batt O'Keefe T.D.)

This current study has found that the view of the minister concurs with that of the other interviewees that there is a need to review the mandate and structure of FÁS in relation to its position as the state's provider of training.

4.7.2 Skillnets

All training and development activities required by network members are supported and enterprises are given the ownership of all training strategies and plans, to ensure they meet the enterprise's needs in the Skillnets model. Skillnets is funded by the Department of Enterprise Trade and Employment from the resources of the National Training Fund. As with FÁS, the level of awareness of the model was examined in this research.

Express Security Group is a member of a Skillnet and Mr. O'Reilly outlined the reasons for joining such a model:

One is the funding that is available, two, would be the course content, three, would be the certification that's applied to it, four, would be the upskilling that's applied to it after, and five, is the knowledge that you gain from everything that's involved in it and the qualifications from the course.

(Rory O'Reilly, Express Security Group)
This interviewee expanded on these reasons and the positive potential of the Skillnets model:

*Skillnets is a great model when it is used correctly, of course. You have your funding, you have your staff and all you do then is try to bring them to the level but for that to happen you need somebody to push it forward. Within our organisation, you could have the operations manager or the training manager; someone needs to manage the model to actually ensure that staff get exactly what is required.*

*Membership of a Skillnet is totally cost effective because our staff are a lot more knowledgeable now and we can sell our staff even more to our clients. To give examples of courses; there’s an occupational first aid one which has funding available for it through Skillnets or there is a FETAC level 5 course which is a systems and procedures course. It is a 4 module course. A 2 day course but it goes in depth into ISO, IS999 and all the different quality systems.*

*Whereas before, if you say go back to last year or the year before, a security guard was a security guard. His main functions were letting in clients, staying awake and wearing a uniform. So how do you motivate a guy even more? One of the main motivating factors we found was training. You can give someone all the money in the world but he’ll still make a right mess of it. We bring them on with the training, give them more responsibilities. You also find better quality coming back into the business.*
According to another interviewee Skillnets provide courses that industry need. This interviewee stated that this is because they go out into industry and identify the training needs required to fill skills gaps and develop their courses accordingly:

They canvass and research particular industry to measure what training needs are in demand and then run training programmes in those industries at a reduced cost.

(Michael O’Mahony, TCH)

A finding of this research is that the training agencies, be they state operated or state supported need to go out into industry and identify where there are skills gaps. Through this research the training agencies will be able to develop the courses that will help Irish businesses build their competencies.

Another interviewee stated that while he is not very familiar with the Skillnets model, he concurred with the potential benefits from this type of model particularly, in relation to adding the work skills to the educational qualifications for people joining a business:

I’ve come in (to this business) after adult third level education and I’ve found that the job itself bears no resemblance to the education and training that I gained in college. I’ve also found that we’ve hired graduates since and
exactly the same thing applies, they have the degrees, the diplomas or whatever they have achieved but lack work skills.

It's not so much the training that they've received, that is a testament to their ability to learn and they're hired and employed on that basis, but, when they do come into the company they need to be trained in a whole completely new set of skills that would bear very little resemblance to their education.

(Alfie McAvoy, C&W Windows)

Developing the argument in favour of the model Ms. Lynch as a Skillnets network manager stated that Skillnets is a cost effective model and that the model is a component of the drive to upskill the national workforce. There will be a swing by businesses to this type of training model according to this interviewee:

*I think that we're going to see a swing over the next couple of years. I think some businesses have shied away from the Skillnets model because they think that they'll lose autonomy; take the possible perspective of a Human Resources manager. 'I've a training budget of €50,000. I don't need to use it. I can pay for the required training myself'. Whereas, I think that if that Human Resources manager had, say, a 20% cut in training budgets, they can do all the training that they've done with 40% less money if they were a member of a Skillnet and they'd be still using the same providers and premises as before.*

(Ellenora Lynch, Biznet Cork Skillnet)
Two interviewees indicated that they were not aware of the model but whilst they did not believe there would be a major benefit for their businesses in membership of a Skillnet, they stated that they could see the potential for other sectors.

Another trend emerging in this research is the poor marketing of state supported upskilling providers.

One further potential state support for upskilling workers was investigated in this current research.

4.7.3 Tax Based Upskilling Initiatives

The possibility of introducing a tax credit scheme for individuals partaking in upskilling was investigated with the interviewees. There is no such mechanism in place or proposed as part of the initiative to create a knowledge led economy in Ireland other than the existing tax relief for specific third level courses.

According to one interviewee, a tax credit system could prove to be a good idea and would help motivate people to self develop their skills as well as receiving the benefits of company training:

*I think it would be a very good idea, yes. I would think that because employees are getting a qualification, the benefit from the experience would mean for them that even if in a year’s time the company they were employed with went wallop, then they would have something brand new behind them*
that only cost them half if there was a 50% credit. They have input into it as well so, I’d say that they would recognise this.

Having to go on a course where the company is fully funding it would be just like a day off, but, if they are paying something themselves it could make a big difference to how they would look at it.

(Rory O’Reilly, Express Security Group)

Another interviewee agreed with this concept as a support for those who wished to upskill themselves and enhance their marketability to employers:

For our employee’s, I suppose it would benefit them if they want to do something themselves in relation to upskilling. They would need some sort of support unless they had another good source of income. Isn’t there already a tax claim for some courses, so it would have to be better than that?

(Respondent A)

A further interviewee concurred and pointed out with the dynamism of modern business that it is essential that ongoing upskilling be supported particularly for those who are advanced in their careers:

It should be done for people to advance their careers and to change themselves. Businesses change in dynamics every few years anyway, so as you get older, you realise that the younger people have slightly different
skills to what you have. One should be updating their skills and any tax advantage would obviously encourage older people to do it.

(Adrian O’Brien, Practice Associate)

In relation to tax credits one interviewee stated that it could be looked at not only for individuals, but it should be possible for the government to have a ‘new look’ at the way tax refunds for training are giving to businesses to encourage them to be more aware of the potential for growing the business through having more highly developed people:

It's probably not enough to get companies to send people on courses but with a bit more support along those lines then the education system will be enhanced, industry will be enhanced and people will be. Companies will be run by more professional people. I know this company is doing a bit better because of the education that has been undertaken by the people that are running it.

(Alfie McAvoy, C&W Windows)

A further interviewee stated that tax incentives for companies that were progressive in global expansion and human resources development could be an area of incentive for the state to explore:

Potential tax savings to companies, who expand into the global market, encourage training and progression would be an initiative.

(Ms. Jill Donovan, Fidelity, USA)
The area of tax incentives to encourage businesses to upskill their employees was also taking up by another interviewee. This interviewee also asserted that such incentives should be coupled with control on the standards of training being provided:

In terms of further state supports for upskilling the Irish workforce there should be continued funding - from 50% of costs to 100% of the costs (depending on individual and organisation circumstances) available to all business and there should be more control on the providers of training and more regulation on their costs and ability to deliver measured standards. This will bring about a quantifiable measure of payback for the incentives provided.

(Michael O’Mahony, TCH)

The administrative difficulty of a tax credit introduction was discussed by another interviewee and she expanded on this point in relation to the Qualification Recognition Framework (QRF). She concurred with the merit of the concept as a means of making upskilling more affordable on an individual level:

I think that that would be very difficult at the moment because the whole state flux on the HETAC and FETAC and the Qualification Recognition Framework (QRF) approval. There’s such a push in the educational environment here to get as many courses and as many institutions aligned on a framework that while I think that there’s a lot of value in the concept, I think that there’s a rather large quagmire out there until the QRF is
finalised. If you were doing tax credits for a course then they would have to be somewhere on the FETAC or HETAC scale and at the moment there's a lot that are not, there's a lot that are nearly there and there's a lot that will never be there. So I think it's not as simple as saying that we'll give tax credits to x, and z because so many courses would come back that are equally as relevant but wouldn't be tax deductable.

To answer you're question, I think that far more courses should get tax credits. It's definitely something that should be given more thought. It definitely makes it more affordable and people will think a lot more about it if a lot more courses are getting a tax credit back. There are enough barriers.

(Ellenora Lynch, Biznet Cork Skillnet)

This research has found from the responses received that there is a positive inclination towards the introduction of a tax credit for individual to upskill, although, it is not without its bureaucratic obstacles. It should be noted that the interviewees also felt it was important that companies still maintained a positive philosophy towards training.

The current study continued from examining the mechanisms that are in place to facilitate the upskilling process to investigating the area of costs and benefits of upskilling employees.
4.8 Costs and Benefits of Upskilling Employees

The purpose of this section of the research was not to put a statistical value on the costs and benefits of upskilling to Irish business, but, to judge the attitude towards the topic. Costs and benefits were discussed under the notion of the learning organisation as defined in Chapter 2.3.1, possible strategic failure of underinvestment in human capital and what the interviewees believed would be a strong state initiative in the area of upskilling.

4.8.1 Learning Organisations

One interviewee agreed that Irish businesses believed in the concept of becoming learning organisations, and outlined the benefits that they gain from the experience:

*We find that by training and upskilling our people we improve our competencies and are able to provide a best in field service to customers. This also allows us to look for a premium rate.*

*(Rory O’Reilly, Express Security Group)*

Another interviewee concurred and further stated that a learning organisation benefits through the increased competencies of their people:

*It makes sense if you think about it because the more people learn the better they become at their jobs.*

*(Respondent A)*
Another interviewee stated that Irish firms believe that they are learning organisations but have practical difficulties with applying the culture:

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\text{Absolutely, it's the practicalities that are the problem. They do and I think that if you said to a small business, a business in Ireland that you don't do any proper training here at all they'd be horrified. I think that there's a lot to be said for mentoring and on the job training of which a lot of that is done. I think they like to think of themselves as being learning organisations. I think where they find the difficulties are with the practicalities.}
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(Ellenora Lynch, Biznet Cork Skillnet)

She also expanded on the sort of problems in organisations in relation to developing the culture of learning.

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\text{You also find in the larger companies that it's the HR manager who seems to be constantly fighting an uphill battle in terms of access to resources and shift work release of staff, etc. I'm not so sure if it is their budget that's the first to be cut but it's certainly one of the easier targets. I think what it is; it's a bit of an uphill struggle in getting people out. I think that maybe companies often think that's they're very strong on learning. With regards to senior management it can fall back on personality, say that if something happens tomorrow such as someone is out sick so the trainee then can't go on the course so the decisions made out of necessity contradict with the preferred.}
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(Ellenora Lynch, Biznet Cork Skillnet)
This interviewee also stated that in many cases the drive for, or not, a learning organisation can often be influenced by the background of the owners or senior management.

Another interviewee also agreed and expanded on this point:

It’s down to the level of professionalism within the company itself. There are companies there that are formed on the basis of the skill of the people that become directors of the company rather than the education or the business acumen of the directors of the company. I believe that companies that are based on and run by people that have gone through a business course, or, a business degree or, that type of thing, will be more in favour of keeping the skills going or keeping the education going within the company. Whereas a person who is an entrepreneur, who may never have been educated himself as such but has himself an inherent business acumen, won’t think in terms of educating his employees.

(Alfie McAvoy, C&W Windows)

The concept of the learning organisation in Irish business can often be a product of the owners or senior managers own background is a finding in this research.

According to another interviewee the costs involved can be the determining factor on how far a company will go in becoming a learning organisation:
It is more desirable than practical – the costs involved in training and education have become a major factor and firms simply can’t afford to provide ‘all’ that’s required to be a learning organisation.

(Michael O’Mahony, TCH)

An emerging finding in this research is that Irish businesses have practical difficulties in developing as learning organisations often determined by cost or the owner’s background rather the concept.

The area of strategy in relation to upskilling was investigated as a continuation of the learning organisation concept.

4.8.2 Strategic Failure or Business Reality in Failing to Upskill Employees

This research investigated the strategy of investing in learning within Irish businesses.

One interviewee stated that the subject could be seen as containing an element of both strategic failure and business reality and that poor quality of service in an industry where there is a high human interface with the customer and the public can damage the brand:

Really it’s both. If you don’t invest in the people you can suffer. The quality of service provided can damage the brand if you don’t train the people. It
can be costly to bring the people up to standard but, the benefits are there. We are about a professional industry. To be fair the investment in training and the regulations have put a lot of so-called security firms out of business.

(Rory O'Reilly, Express Security Group)

Another interviewee differed in that he felt that Ireland had not reached the levels of development as Europe but, that the situation was changing through integration across the European Union:

I would think that it's an indication that Ireland hasn't developed to the stage that mainland Europe has in that area. I don't think that it's an intentional thing. I think that it's due to the smallness and having been isolated from the rest of Europe for quite a while. The fact that you're closer to Europe these days will show an improvement in that percentage.

(Alfie McAvoy, C&W Windows)

Another interviewee stated that while the level of investment in people varied from organisation to organisation, she believed that there was not the same commitment to the development of people in Irish business rather than a focus on maintaining people at the work they do best:

I think this really depends on the organization. Some are good, but as a whole I don't think Irish organizations invest as much time on the learning aspects as other countries.
At the corporate level, I think there is a focus on learning and human capital, but for smaller organizations, yes, I think the focus isn’t on the growth and retention of employees. The assumption is that we employ someone and keep them working at the same job forever.

(Ms. Jill Donovan, Fidelity, USA)

There is a trend emerging in the research that the human capital component of the organisational strategy may not be recognised for its full potential.

Another interviewee stated that it could be linked to the topic of becoming a learning organisation with the business strategy:

What companies don’t seem to have is a strong link between their strategic plans, their people and their training needs. So, they have the people, they have the strategic plans but they don’t seem to have the proper linkages drawn between where they want to go and how they’re going to get there with the people that they have. I think the spend reflects the reality of the decisions made in businesses. I think if you looked at that figure in detail, there would be a huge amount of variation. I think you’ll find that a lot of companies spend 0%. I don’t know, it’s probably a strategic failing, it is a strategic issue. It’s definitely improving.

(Ellenora Lynch, Biznet Cork Skillnet)

A further interviewee believed the underinvestment in human capital to be a reality in their sector, as other than the confidentiality at the start of a project as to which
contracts for business were held by which practice, there was little secrecy in their business. Therefore there was no strategic benefit from spending on upskilling as there were no organisation specific competencies to be protected:

> From our business point of view there's very little foresight put into the longer view of people because you can outsource to people if you need them so therefore people are expendable at the end of the day as their skills get out of date.

(Adrian O’Brien, Practice Associate)

An interesting finding in this research is that a new structure of state supports for upskilling Irish workers could be required in the future to meet the demands of becoming a knowledge economy. The investigation took up this issue as a possible method of encouraging Irish businesses to follow a strategy of upskilling their people to boost their competitiveness.

This research has found that there may not be a full strategic awareness in Irish business of the strategic value of developing people within the organisation.

4.8.3 Remaining Ahead of the Curve

The Enterprise Strategy Group (2004) report ‘Ahead of the Curve’ is the template for the development of the knowledge in Ireland. Achievement of the knowledge economy as envisaged in the report was investigated in this research.
One interviewee stated that the state needs to improve its in relation to the upskilling drive. She also pointed out that in the drive to a knowledge economy care must be taken not to leave people behind:

_The state needs a marketing campaign in terms of what the states message about training is and what vehicles is it using to deliver upon that vision and I don't think that's very clear. I mean, a lot of people don't know in the name of god what FÁS does. There's been a lot of focus on fourth level and PhD's and that and possibly they are missing out on the vast majority of people._

(Ellenora Lynch, Biznet Cork Skillnet)

The view of government policy expressed by this interviewee was found to be very current in terms of government activity as outlined by the Minister for Education and Science:

_I will be meeting with two of the top universities (Trinity and University College Dublin) on Wednesday night (November 26, 2008) to discuss the roll out of the fourth level education programme and how we are going to increase the number of PhD's being produced in Ireland._

_An Tánaiste, Mary Coughlan T.D. and Billy Kelleher T.D. are meeting presently to review these programmes with me and to oversee their rollout._

(Minister Batt O'Keefe T.D.)
The interviewee from Skillnets continued by stating that she believed that the government was very serious about achieving the creation on a knowledge economy in Ireland:

*I do think that the government is paying more than lip service to the knowledge economy because the vehicle for delivering that is the Skillnets model which is a really, really cost effective way of getting training out there. I think one of the powerful things about the Skillnets model is that its part funded as well, so while we receive a lot of grant aid we also contribute and member companies contribute. I think that it is a vital component as well.*

*I don’t think that free is the answer either, because the suspicion that the Irish have is that something for free is not real.*

*I am going to say the Skillnets model is an effective vehicle for upskilling, obviously with a huge amount of bias. I see it as industry specific and targeted. I am employed by Cork Chamber, not by the government so I’m independent in that regard. I’m not overly influenced, I suppose it’s not influenced, but I can respond with flexibility to industry because I work in Cork Chamber. I’m not within the state structure and that also relates to our mandate. Maybe that’s the important point in this particular question. We are very much focused.*

(Ellenora Lynch, Biznet Cork Skillnet)
This interviewee also stated that while receiving state funding the mandate that they work under allows them to work in and with industry free of the political influence that a purely state agency might experience and that this or a similar type of model is probably the vehicle best suited to upskill the Irish labour force.

This current study has found that to maintain the drive to upskilling, the training providers must be flexible to the needs of business and free of bureaucracy.

The interviewee from Skillnets also stated the area of management development, was an area that her organisation was looking at and was certainly an area that the government could launch initiatives in.

The interview with the Minister for Education and Science gave an insight as to how the state plans to move the economy towards a knowledge led economy and as to how the process of upskilling will be simplified and made more accessible for people.

*I am looking at the Post Leaving Certificate education system as part of this process. I want all our qualifications to be on an equal footing. This will allow training and education to be interlinked. The idea is to simplify the process for people to access further education and training. This will improve our system of life long learning. It will help people to improve themselves and allow people such as housewives to skill themselves to return to the workplace.*

(Minister Batt O'Keefe T.D.)
The Minister stated that he intends to standardise the Qualification Recognition Framework. This he states will be achieved through the abolition of FETAC and by placing all qualifications under the remit of HETAC.

*The current qualification system no longer works and I am abolishing FETAC and all qualifications will be through HETAC. The universities will not like this but it must be done. I believe that the current system is a major barrier to people gaining qualifications that are recognised on an equal basis.*

(Minister Batt O’Keefe T.D.)

This current study has found that the government believes that the current framework of recognition of qualifications does not support the drive to the knowledge led economy, as it is a two tier system that diminishes the value of qualifications that are not purely academic. This research has found that for upskilling to be successful the skills and knowledge gained by the participants must be recognised on an equal footing with academic qualifications so that it brings greater value to the business and to the individual.

**4.9 Conclusions**

The interviews in this current study were carried out to address the research objectives as set out in Chapter 3. The questions emerged from gaps in the literature and correlated with the literature reviewed in Chapter 2.
This research has found that the impact of globalisation on Irish businesses varies by sector with positive and negative results being experienced.

Irish businesses and workers have the skills to perform anywhere in the globalised market.

Irish businesses identify that they need to develop the required work skills in employees to enhance their educational qualifications.

The impact of labour mobility has been generally positive in providing new skills of Irish businesses but there are barriers such as language existing that can prevent many migrant workers being discovered as highly skilled workers. Labour diversity has also created stronger cultures in Irish businesses and fostered the development of strong upskilling practices.

Irish businesses need to strike a balance between efficiency and upskilling. They must also strike a balance between outsourcing value chain components and upskilling.

Irish businesses are willing to use alliances and partnerships such as Skillnets to upskill their workers although their may not be a strong strategic intent in this choice.

The state training providers such as FÁS are seen as too bureaucratic and restrictive. There is a marketing issue for the state in its drive towards the knowledge led
economy. Irish businesses believe that agencies such as FÁS need to come out to industry and develop programmes that industry needs to upskill workers.

There should be initiatives introduced by the state to boost the upskilling process. These initiatives include enhanced personal tax credits.

Irish businesses aim to be ‘learning organisations’ but can face practical challenges achieving this. The value of ‘people’ is not always fully realised in the organisational strategy when looking at upskilling to boost competitiveness.

The findings from the interviews underpinned the strategy of not focusing on any particular business sector in relation to the research question. The findings of this current study have yielded interesting results and also raised new data on issues reviewed in literature in Chapter 2. The conclusions and recommendations from the findings will be addressed in Chapter 5.
Chapter 5

Conclusions

5.1 Introduction

In this chapter the findings as outlined in Chapter 4 will be interpreted and contrasted with the literature reviewed in Chapter 2. The purpose of this process is to establish the hypothesis that the need for upskilling is vital for Irish businesses to compete in the globalised marketplace. Significant bodies of opinion that highlight major issues identified by the respondents will be outlined and recommendations for future research made as appropriate.

5.2 Globalisation and Irish Business

The Enterprise Strategy Group (2004) list among the challenges to Ireland's economic growth the exponential change in the scale of globalisation with emphasis on two of the emerging economies, India and China, who are identified as having scale of population that can provide low costs, ample supplies of skilled labour and are now significant players in global competition. The views expressed by the interviewees give an interesting view of the business environment as it exists in 2009 for Irish business. O'Driscoll (2004) in the Chairman's introduction to the report, *Ahead of the Curve-Ireland's Place in the Global Economy*, stated that the changes taking place in the global business environment are presenting exciting new opportunities and some formidable competitive challenges for Irish businesses. The
interviewees have underpinned the point made by O’Driscoll (2004) by highlighting the opportunities for doing business abroad presented by globalisation. The interviewees also gave an insight into the scale of the challenges presented by competitors that are coming into Ireland and who can leverage their low cost efficiencies created by their global scale.

Sirkin et al., (2008) state that the world is in a new and different reality which they call “Globality” and in which everyone will have to compete with everyone, from everywhere, for everything (p:1). Sirkin et al., (2008) further state that companies must be ready to enter this new global business reality if they are to survive.

The responses from two interviewees in this current study indicate the strong awareness of the globalised marketplace that exists in the Irish business environment. Both interviewees highlighted the opportunities presented to compete on an international basis. This study has found that the success of the Irish economy, over the last ten years to 2008, has meant that many Irish companies have reached a scale that necessitates that they have to look outside Ireland for business. “Even in a small company like this one we’re starting to look for contracts internationally” (Chapter 4:60). The Enterprise Strategy Group (2004) highlighted that Irish businesses will have to compete on a global basis and stated that internationally traded services across many sectors will provide opportunities at a significant level over the next decades. This assertion is borne out by the responses given in the interviews as Irish businesses recognise the opportunities and necessity to seek global markets.
Sirkin *et al.*, (2008) state that a large number of companies in the West and Japan continue to act as if they are not aware of the rapid change that is happening in the markets and appear to be in a state of blissful denial of the emerging business reality. According to Sirkin *et al.*, (2008) there are also a large number of business leaders that are very aware that the global landscape of business has changed fundamentally and that a tsunami of change is roaring in. Lane and Ruane (2006) state, that while Ireland has successfully embraced economic globalisation, it is also vulnerable to increased international competition.

This study has found that a global grocery products supplier had consolidated their logistics and point of sale operations to a single agent based in the United Kingdom; “they contracted their whole business out to a single UK based agency where one representative does all the ordering and merchandising. Before this you would have had two or three part time merchandisers and a weekly visit from a representative. If more suppliers do this then it will change the whole retail distribution industry”, (Chapter 4 p: 61). It is a finding of this current research that this sort of globalisation effect is putting pressure on Irish businesses to compete on an international basis. This effect can be likened to the example of India and China mentioned above driven by economies of scale which are driving down cost bases, in this case the size of the United Kingdom market allowing companies there to leverage their lower costs into Ireland.

Globalisation poses issues for Irish business as highlighted by the Enterprise Strategy Group (2004). This research has found that there is a positive bias in Irish
business towards the globalisation process and that as well as the challenges posed by globalisation the opportunities presented are also recognised.

5.3 Skills Levels for the Future

Barry (2007) cited the International Institute for Management Development (2002) in Switzerland who surveyed executives across a range of countries and asked them to rank the performance of countries relative to each other in terms of the education standards available. In that study executives rank Ireland number 2 (after Finland) out of a total of 49 countries in response to the statement –‘the educational system meets the needs of a competitive economy’. Ireland is ranked number 3 (after Finland and Canada) out of the same 49 countries in terms of a positive response to the proposition that ‘university education meets the needs of a competitive economy’. This underpins the conclusion by Barry (2007) that it was this strong level of education that allowed Ireland to attract in the high technology industries that operate in the country. This finding also concurs with the findings in Census 2002 which detailed the high level of third level qualifications available in the Irish labour force. The current research study has found that the educational standard of Irish workers entering the labour force concurs with the findings of the literature but that the challenge is to develop the work skills of these people. “We certainly have a good education system and tend to get good raw material the challenge for organisations is to grow the talent when they come in” to the workplace (Chapter 4, p: 65).
The Enterprise Strategy Group (2004) states, that the Irish economy of the future will be market-led and knowledge-based. This research has found that Irish business has built up a strong skills base which has allowed it to compete effectively to date since the Irish economic boom began in 1993. “Working in one of the largest financial services institutions in the world, I think the level of skills available in the Irish labour market is comparable, if not better than what is available in the USA”, (Chapter 4: 64). This opinion has been strongly supported in this research, for example an interviewee whose experience through the Skillnets model has been that there is a very high skills level in the member companies that they work with. “I can say that a lot of the companies that we work with have highly skilled workers”, (Chapter 4:65). Another finding of this current research is that there is no skills shortage in the construction and construction related sector and that the economic slowdown that has started in 2008 will ensure a plentiful supply of skills for that sector (Chapter 4:67).

This current research study has found that there is a strong skillsbase in the Irish labour force, however there is no room for complacency. The National Training Advisory Committee (2003) identified that ‘the availability of soft skills would be vital in the future as the dynamic of the Irish business landscape changes’. The conclusion of this current study is that there is a strong educational and skills base in Ireland, but the current workforce needs to be upskilled to meet the future economic demands.
5.3.1 Identifying the Skills Gap

This current study has identified that there is recognition of the need to identify skills gaps at the European level (Tessaring and Zukersteinova, 2008). This finding highlights that it is not only essential for Ireland to become a knowledge based economy to remain competitive but for the European Union as a whole (Tessaring and Zukersteinova, 2008).

This research has found that while at the national and European level there are policies in place to identify emerging skills gaps there is also a requirement for Irish businesses to identify skills gaps within their own organisations. Strong human resources practices are required to ensure that the development of human capital is utilised to maintain the competitiveness of Irish businesses (Doyle, 2000). To achieve this, Irish business need to strike a balance between what the business needs, and what the individual needs. “Employers have to strike a very good balance between doing the training that people want in terms of motivation and encouraging retention, but also, what people need as well so that they’re better equipped to perform in the job”, (Chapter 4: 69).

The above finding is in line with the findings of Kavanagh and Doyle (2007) in relation to training and upskilling. This current study has found that Irish businesses find that there is a skillsgap between the educational qualifications of employees and the practical work skills required to carry out their roles. “I’ve found that the job itself bears no resemblance to the education and training that I gained in college. I’ve also found that we’ve hired graduates since, and exactly the same thing applies,
they have the degrees, the diplomas or whatever they have achieved, but lack in the relevant work skills”, (Chapter 4:89).

This finding continues the trend that there is a strong skills base in Ireland as an outcome of the education system producing an increased number of third level graduates, and that the challenge will be for organisations in Ireland to identify the work skills deficiencies and develop their employees in these skills to achieve the goals of a knowledge –led economy and remain competitive in the global market.

This research has also found that by bringing recognition of all qualifications under “the auspicious of HETAC” (Chapter 4:106) the government intends to link work –skills development with educational attainment in a formal manner. This government action addresses the point made by Barry (2007) that Ireland has an unusually high level of people with non-university third level qualifications mainly centred on the vocational and technical fields. This current study concludes that the bringing together of qualifications under one body, will legitimise many peoples qualifications and boost the national skills base.

This research finds that future skills-gaps in the workforce are being highlighted both by Irish businesses and the Irish government. This research also concurs with the findings of Keese (2006) as to the importance of not alone identifying emerging skills requirements but also of understanding why these skills are required and how they are attained.
5.4 Solutions and Initiatives

This current research examined the solutions available to bridge skills gaps identified in Irish businesses including alternatives to upskilling employees. The need for strong human resources policies in relation to training needs analyses and people development has been exposed by this current research. There are also state initiatives in place and operational strategic plans used by organisations. The current study has found that Irish businesses have strong views on the success and failure of these initiatives and plans.

5.4.1 Strategic Outsourcing

Strategic outsourcing has become a topical issue in Ireland. Its proponents list the value creating benefits of such a move and the potential pitfalls (Hill and Jones, 2004). This current research has found that the trend in Irish business is towards upskilling rather than outsourcing. A previous study has found that “in future not all jobs will be able to be outsourced and there will be a growing demand for skills that require expert thinking and complex communications”, (Thornhill, 2006).

This current study has found that the Irish businesses, represented by the interviewees, view outsourcing as a cost effective means of fulfilling tasks that would not be the normal business operations that they perform. “You would outsource certain skills because you wouldn’t need them on a regular basis, i.e., 3D specialists or any people like that. It would be more cost effective to outsource them than to train your own staff to do it”, (Chapter 4:72). This research has also found
that Irish businesses balance the cost effectiveness of outsourcing against the importance of the function within the business. “You need to research the cost savings against the actual service received – In our case some functions have been outsourced and others remain in-house because of the nature of the work or, the service we require is regarded as too critical to outsource”, (Chapter 4:72).

This research finds that Irish businesses believe that they need to upskill their people to survive in the future, rather than to break up the company and loose the knowledge base that they have through outsourcing components of their value chains. This finding is supported by the interviewee from Skillnets who states that in their experience “there is an increase in enquiries relating to upskilling”, (Chapter 4:73).

5.4.2 Alliances and Partnerships

Previous work by Sirkin et al., (2008) detailed the willingness of businesses in the Rapidly Developing Economies to form alliances and partnerships to access skills that they lack. The formation of networks of businesses with similar interests has been recommended by the Enterprise Strategy Group (2004) to “Facilitate knowledge transfer, disseminate market knowledge, foster innovation, inform the research agenda and identify infrastructure needs specific to sectoral development”.

A significant practical example of this concept has been found by this current research, operating in the Risk Management/ Security sector. These partnerships work on developing standards, policies and procedures for the sector,” we have
partnerships whether it is in training or company partnerships. You have associations where there are other companies involved, maybe to discuss rates of pay for the industry”, (Chapter 4, p: 74). The Skillnets model has been identified in this current research as a state funded partnership model that operates in a similar concept to that put forward by Sirkin et al. (2004), “you used the term partnerships/alliances, we use the phrase networking, and it’s the same concept”, (Chapter 4:76). The Enterprise Strategy Group (2004) report states that historically, state involvement with business networks has been primarily though the state agencies (Ahead of the Curve, p: xv11), but this method is not responsive or efficient enough to meet the dynamism of today’s business environment. This current research has found that the state agency initiatives do not take the real needs of Irish businesses into account when developing upskilling programmes, “because if the government are saying that you’re not getting funding unless you do this—of course you do this. But then you’re not going to be able to do it very well because it’s not what industry wants or what people want”, (Chapter 4:83). This current study has found that while the Enterprise Strategy Group (2004) has identified the benefits of businesses creating alliances and partnerships there is no clear sign of a strategic intent developing among Irish businesses themselves to this approach. This concept is a strong part of the drive towards the knowledge economy and a means of bringing skills and knowledge into Irish business. Barry (2007) has identified that multinationals are setting up overseas research and development sites where local conditions are favourable to innovation. This study has found that the importance of alliances and partnerships for Irish businesses is all the more important in that light as not alone will new skills come into the economy but new jobs and customers.
5.4.3 Labour Mobility

The vision of becoming a knowledge led economy is contingent on the supply of highly skilled workers according to the National Competitive Council (2007). This study has found that one solution to skills shortages is the availability of suitably skilled migrant workers. These provide a readily available source of skills for the economy where there is a lag in the national upskilling process.

The requirement for migrant workers in the future has also been examined in the demographics section of the Ahead of the Curve Report (p: 24-25). This current research has found from the review of the Ahead of the Curve report that the declining birth rate in Ireland has started to impact on the numbers of school leavers and graduates coming into the workforce. There is therefore a necessity for Irish businesses to examine if it is possible to upskill their employees and if not to put in place mechanisms to identify and attract migrant workers with the skills that the businesses needs to compete into the future.

Previous research has looked at the levels of labour mobility across the European Union (Heinz and Ward-Warmedinger, 2006 and European Union, 2001). This previous research has investigated the barriers to labour mobility and the risk that high level skills could be lost to other economies. Through the examination of this previous research, this current study has found that two significant barriers to labour mobility are language and lack of recognition of qualifications gained abroad. These findings concur with the findings of Barrett, Bergin and Duffy (2005) who previously researched the area of barriers to labour migration. A further barrier
identified in the examination of previous research is the low levels of mobility across the European Union as a whole, with the exception of Poland and the former Soviet Block countries.

This current study has identified that the challenge for Irish business is further compounded by the fact that the quality of Irish graduates is much sought after in other economies. Conversely, this research has found that while migrant labour has filled many of the low skills vacancies during the boom years over the last decade to 2008, many Irish businesses failed to identify employees with skills levels far above their current job. “With some many foreign nationals taking these jobs (low skilled, low paid retail and hospitality jobs) after a time you get to know them and you find that a lot of them are University educated”, (Chapter 4, p:64). The finding of this research concur with the research of Barrett, Bergin and Duffy (2005) who found that immigrants in Ireland are highly educated relative to the native population but that their occupational distribution does not fully reflect their educational attainment.

This study has found that one of the barriers that potentially lost theses skills to Irish business was language: “they can’t get work here usually because of language problems, (Chapter 4, p: 64).

A conclusion of this current study is that Ireland was fortunate in that it lowered its entry barriers to migrant workers from the majority of the European Union and brought these people into the economy at a time when the demand for labour was high. The findings of this study concurs with the findings of the European
Commission and Heinz and Ward-Warmedinger (2006) who cited language as among the restrictions to upskilling the European workforce as a whole.

Given the economic downturn being experienced through 2008, this current study finds that it is vital that mechanisms are put in place by businesses to identify these hidden skills so that they can be used to boost the existing skills base. "The competencies aren't looked at. There should be measurements there. You should be able to collect and see the skills and go forward and maximise the benefits from those skills", (Chapter 4, p: 63).

This current study concurs with the findings of Barrett, Bergin and Duffy (2005) that there needs to be a more visible Framework of Qualifications gained abroad available to Irish businesses so that they can confirm the validity of skills that they may be bringing into the business and that improved job search mechanisms need to be put in place for migrants to identify vacancies matching their skills.

5.5 Upskilling Supports

This research has examined the position of Irish business in regards to upskilling. The position of the upskilling process has been examined in terms of the supports available and the supports that Irish businesses would like to see. This is discussed based on the conclusions to date that there is recognition in Irish business that new and updated skills are required to compete in the globalised business environment.
5.5.1 FÁS

An interested finding of this research has found that FÁS is perceived as bureaucratic and difficult to access. This research examined the business view of FÁS in the light of their mission statement: “FÁS enhances the skills and competencies of individuals and enterprises in order for Ireland to further develop as a competitive, inclusive, knowledge-based economy. It strives to do this through the provision of tailored training and employment programmes that suit everyone’s needs”, (FÁS, 2008).

“FÁS are perceived as bureaucratic and it’s perceived in the business environment as not available to many companies. Businesses think that there is a fine line between the necessary paperwork that you need to have, that anybody needs to have and there’s the criteria that is put on by FÁS”, (Chapter 4, p: 82). “We have a high enough level of awareness of FÁS – but not of the services offered – we are disappointed with the bureaucracy in FÁS – companies don’t have time to get through all the paperwork and politics involved”, (Chapter 4, p: 84). The interviewees in this current study indicated that this bureaucracy was linked to the mandate that FÁS operate under, and the structures that exist in the state agencies. “If FÁS are mandated and have to go the way their mandate dictates, then they are obliged to achieve these goals and that’s where it becomes very very difficult. Because if the government are saying that you’re not getting funding unless you do this, of course you do this. But then you’re not going to be able to do it very well because it’s not what industry wants or what people want”, (Chapter 4, p:83).
This study also found that the organisations that can access the services of FÁS are restricted by their ownership. "To access FÁS training you can’t be a multinational, you have to be an Irish SME, and you can’t be a partly owned subsidiary? The criteria for access to the training can be quite strict", (Chapter 4, p: 83). This important finding further shows the need for a review of the mandate of FÁS.

The low level of awareness of the services provided by FÁS was the most significant factor found in this current study. This must be considered a serious cause for concern as FÁS are the state training agency. "There are a lot of services available but you have to go looking for them. There’s no one from FÁS coming to us and saying look-this is available, this is available and this is available”, (Chapter 4, p: 82). An important finding of the current study is that FÁS are out of touch with the needs of Irish business and this finding is at odds with the findings of Conway and Fox (2007).

This current research concludes that while the services provided by FÁS are not in question there would appear to be a breakdown between their mandate and the needs of Irish business in the current globalised environment. This finding would appear to be in line with the view of Minister O’Keefe, responding in this study: “I believe that FÁS cannot stand alone any longer as a training entity. FÁS is going to be changed. It’s not possible for it to remain as is”, (Chapter 4, p: 91).

The strategies set out by the Enterprise Strategy Group (2004) include a national “One Step Up” initiative to raise the skills level in the economy. FÁS are one of the providers of this programme as envisaged in the Enterprise Strategy Group (2004)
report. In this current study no interviewee mentioned this initiative. The Conway and Fox (2007) study similarly found a very low level of awareness at 15% of respondents to the existence of the “One Step Up” initiative. This finding highlights an important finding of this current study in relation to the awareness level of FÁS. There appears to be a marketing issue in getting the states message out into the business community as to how the national training agency can facilitate the upskilling process. “The state needs a marketing campaign in terms of what is the states message about training and what vehicles is it using to deliver upon that vision and I don’t think that’s very clear. I mean a lot of people don’t know in the name of god what FÁS does. There’s been a lot of focus on fourth level in Ireland and PhD’s, and possibly they are missing out on the vast majority of people”, (Chapter 4, p: 103).

This study has highlighted that the state would appear to be failing to get the message to Irish businesses as to how it intends to facilitate and support upskilling processes. This current study concludes that a review of the current initiatives is needed and that the programmes need to be enterprise-led rather than developed from within the current training structures.

5.5.2 Skillnets

This research examined the state funded Skillnets programme as part of the state funded upskilling initiatives and its effectiveness for Irish businesses. “Skillnets (2008) state that they are an enterprise-led support body whose mission is to enhance the skills of people in employment in Irish industry to support
competitiveness and employability. Skillnets is funded from the National Training Fund and its stakeholders include leading employer and employee representative bodies – Irish Business and Employers Confederation, Chambers Ireland, Construction Industry Federation, Small Firms Association and the Irish Congress of Trade Unions”, (Skillnets, 2008).

This research has found that Skillnets fit the strategy outlined by the Enterprise Strategy Group, “We envisage a growing role for the private sector in driving initiatives through networks of companies with common interests. Strong enterprise-led networks are required that will establish the strategic agenda for their areas of activity. These networks will increasingly facilitate knowledge transfer, disseminate market knowledge, foster innovation, inform the research agenda and identify infrastructure needs specific to sectoral development. Increasing focus must be placed on supporting the emergence of such networks to inform the effective orientation and delivery of state supports”, (Enterprise Strategy Group, 2004).

An important finding in this study is that Skillnets are perceived in Irish business as being more pro active in going out into industry to identify the training and upskilling needs that exist than FÁS. “They canvass and research particular industry to measure what training needs are in demand and then run training programmes in those industries at a reduced cost”, (Chapter 4, p: 89). This approach concurs with the findings of Shanahan (2006), who stated that “identifying the skills needs of individuals and enterprise”, is among the challenges that Irish business face in achieving the skills level required in a knowledge-led economy.
The Skillnets model as discussed previously in this study is the type of approach that is proactive and interactive with Irish business in the move to upskilling the Irish labour force. The benefits accruing to participants as outlined by Skillnets (2008), have been found in this current study, to show that the businesses who utilize the Skillnets believe that it is a successful component in their drive towards upskilling and increased competitiveness. “Membership of a Skillnet is totally cost effective because our staff are a lot more knowledgeable now and we can sell our staff even more to our clients” (Chapter4, p:88).

5.5.3 Tax Credits as an Upskilling Initiative

This research explored the potential as an initiative to encourage upskilling of a new form of tax credit. The focus of this question was on the individual tax credit and to investigate whether businesses could see a benefit in this idea as part of their own initiatives in the upskilling process. An interesting finding of this study is that such an initiative is perceived by the Irish business community as being a very positive one to encourage both individual and business level upskilling.

Ross (2008) put forward the idea of tax credits for those who enrolled in prioritized courses as an incentive towards building the knowledge economy. Currently there are individual tax credits for specified third level courses given at the individual’s tax rate. Ross (2008) proposes that an enhanced version where skills deficiencies could be matched to the course options and the tax credits extended over a longer time frame as a pay back for upskilling and aiding the economy.
This research has found that Irish businesses are very interested in and agree with an enhanced version of the tax credit for employees' upskilling themselves. The initiative would encourage people to improve their skills and make them more valuable to the economic process whilst giving them a sense of contributing to their own worth rather than taking part in company paid courses which all too often are perceived as a paid time away from work. "They have something brand new behind them that only cost them half if there was a 50% credit. They have input into it as well, so I'd say that they would recognise this. Having to go on a course where the company is fully funding it would be just like a day off but if they are paying something themselves it could make a big difference to how they would look at it", (Chapter 4, p: 92). The most important benefit found in this study was that it allows people to advance their careers and keeps them up-to-date with the skills required in a dynamic business environment. "It should be done for people to advance their careers. Business changes in dynamics every few years, so as you get older you realise that the younger people have slightly different skills to what you have. One should be updating their skills and any tax advantage would obviously encourage older people to do it", (Chapter 4, p: 93).

This current research can suggest that introduction of improved tax credits would be advantageous in the upskilling of the national labour force. This research acknowledges that it must not be used as a replacement for mandatory training or as a means for businesses to avoid necessary cost to meet their strategic upskilling requirements but should be seen as an additional tool in the overall business environment relating to upskilling.
This current study has found that any initiative relating to tax would need the qualifications validated in terms of the Qualification Recognition Framework: “If you were doing tax credits for a course then they would have to be somewhere on the FETAC or HETAC scale and at the moment there’s a lot that are not, there’s a lot that are nearly there and there’s a lot that will never be there”, (Chapter 4, p: 95). An interested finding in this study is that the government intends to bring all qualifications under the control of HETAC as indicated by Minister O’Keefe, the Minister for Education and Science, and that this should provide an ideal opportunity to link tax credits and recognition of qualifications and simplify the access to upskilling for individuals.

The Minister for Education and Science, Mr. O’Keefe responding in this study stated that lifelong learning will play a key role in enabling Ireland to remain competitive and that participation by adults in training and education is still significantly underdeveloped here. “The idea is to simplify the process for people to access further education and training. This will improve our system of lifelong learning. It will help people to improve themselves and allow people such as housewives to skill themselves to return to the workplace”, (Chapter 4, p: 105).

5.5.4 Learning Organisations

The government of Ireland are committed through policy to upskilling the Irish labour force. As indicated above by the Minister for Education and Science, Mr. O’Keefe processes are being put in place to facilitate lifelong-learning. This policy reflects the findings of the literature in Chapter 2 as articulated by the National
Competitive Council (2003) "that Ireland’s long term vision is to become a ‘high skills economy’ and a learning society".

This current study examined the “Learning Organisation” with the interviewees to ascertain if the concept was viewed as a business model to simplify the upskilling process. Doyle (2000) has outlined that Irish businesses need to do to become “Learning Organisations” as defined by Senge (1990). The interviewees in this current study were positive towards the concept, “It makes sense if you think about it because the more people learn the better they become at their jobs”, (Chapter 4, p: 92).

An interesting finding in this study is that the interviewees did articulate difficulties that they see with the concept of “Learning Organisations”. This research found that there were practical difficulties with the concept. This is a significant finding given that the majority of Irish businesses are owner operated Small and Medium Sized Enterprises. “It is more desirable than practical – the costs involved in training and education have become a major factor and firms simply can’t afford to provide ‘all’ that’s required to be a learning organisation”, (Chapter 4, p: 99). The issue of cost in relation to upskilling is becoming more significant given the economic circumstances that have developed in the Irish business environment through 2008 and the tax credit mechanism discussed earlier in this chapter could become a useful tool to aid employers and employees to maintain their progress on the upskilling journey.
This research found that the level of training and upskilling in Irish businesses is driven in many cases by the background of the owners and/or senior management. "There are companies there that are formed on the basis of the skill of the people that become directors of the company rather than the education or the business acumen of the directors of the company. I believe that companies that are based on, and run by, people that have gone through a business course or a business degree or that type of thing, will be more in favour of keeping the skills going or keeping the education going within the company, whereas, a person who is an entrepreneur, who may never have been educated himself as such, but, has himself an inherent business acumen won't think in terms of educating his employees", (Chapter 4, p: 98). This struggle to become "Learning Organisations" could also stem from Ireland's late arrival as a developed economy; "I don't think that it's an intentional thing. I think that it's due to the smallness and having been isolated from the rest of Europe for quite a while. The fact that you're closer to Europe these days will show an improvement", (Chapter 4, p: 100).

This current study also found that in some organisations it may be down to the efforts of an individual in a company to drive the "Learning Organisation" philosophy and that all too often they have to battle for the resources and the sponsorship across the business. "You find in the larger companies that it's the HR manager who seems to be constantly fighting an uphill battle in terms of access to resources and shift work release of staff, etc." , (Chapter 4, p: 97). This too was found to often be as a result of the professional and educational background of the senior management. "It's down to the level of professionalism within the company itself. There are companies that are formed on the basis of the skill of the people
that become directors of the company, rather than the education or the business acumen of the directors of the company. I believe that companies that are based on and run by people that have gone through a business course, or, a business degree or, that type of thing, will be more in favour of keeping the skills going or keeping the education going within the company”, (Chapter 4, p:98).

This research concludes that Irish businesses are positive towards becoming “Learning Organisations” in their drive to upskill. The challenge for them is often to match this concept with the owners and or senior management’s philosophies stemming from their background. Success with this concept would lead Irish businesses to achieve the quality of human capital that Doyle (2000) states is required to remain competitive through a continuous state of learning and upskilling.

This research has examined the requirement to upskill the Irish labour force, the alternative sources of skills, the supports in place to facilitate the upskilling process and the concept of becoming “Learning Organisations” as part of the upskilling process. The last stage of the research was to investigate what costs and benefits of upskilling were envisaged by Irish businesses from upskilling.

5.6 The Costs and Benefits of Upskilling

This current study did not set out to put monetary values on upskilling but rather to investigate what Irish businesses believe about investing in their human capital. McGrath (2008) stated that Irish businesses only spend one percent of turnover on
training compared to three to four per cent across the European Union. This study investigated this approach was to identify if the interviewees believed this was the true case in Ireland, and if there was a strategic failing in the attitude to developing human capital in Irish business.

An interesting finding of this research is that there is a variation in the amount of turnover spent on upskilling. “If you looked at that figure in detail there would be a huge amount of variation. I think you’ll find that a lot of companies spend 0%” (Chapter 4, p: 101).

Investing in upskilling was found in this study, to be an important factor in maintaining the value of the business. “If you don’t invest in the people you can suffer. The quality of service provided can damage the brand if you don’t train the people”, (Chapter 4, p: 99). The link between the professionalism of the organisations was also made: “Whereas a person who is an entrepreneur, who may never have been educated himself as such but has himself an inherent business acumen, won’t think in terms of educating his employees”, (Chapter 4, p: 98), and that in smaller businesses there may still be the entrepreneurial focus of the owner coming to the fore resulting in the focus on investing in the people not being the same. “At the corporate level I think there is a focus on learning and human capital, but for smaller organizations I think the focus isn’t on the growth and retention of employees”, (Chapter 4, p: 101).

This finding is in line with the findings of Kavanagh and Doyle (2007) who stated that large firms train more people than small firms and that foreign owned
enterprises provide more employee training than their indigenous counterparts. The importance of investing in upskilling to retain staff was also highlighted in this finding. Poor staff retention increases the cost to business in retraining therefore upskilling can also manage the cost base through increased employee retention.

The costs of upskilling should be judged when the benefits are assessed by a business. "It can be costly to bring the people up to standard but, the benefits are there", (Chapter 4, p:100). This finding is particularly true in a dynamic environment where value creation and competitiveness are paramount. This research found that Irish businesses recognised the benefits of investing in upskilling and the importance that they placed on it in relation to their strategies to remain competitive.

The importance of training among employees should not be underestimated according to McGrath (2008) and should be judged by the benefits gained. Kavanagh and Doyle (2007) stated that economic growth increasingly depends on the synergies between new knowledge and human capital, which is why large increases in educational and training investment have accompanied major advances in technological knowledge in all countries that have achieved significant growth over the past decade. Korea, Spain, Taiwan and India are examples of countries that have invested significantly in human capital in recent times according to the research carried out by Kavanagh and Doyle (2007). Irish business has to compete in the globalised environment where other nations as indicated by Sirkin et al., (2008) and Kavanagh and Doyle (2007), are rapidly upskilling. "What companies don’t seem to have is a strong link between their strategic plans, their people and
their training needs”, (Chapter 4, p: 101). This particular finding of this current study could lead to serious consequences for Irish businesses. This research has already mentioned the ambition of the rapidly emerging economies to gain knowledge and skills and that this demonstrates the level of strategic intent that exists in business leaders in those economies. This study can report that in order to remain competitive in the global market place Irish business leaders will have to develop the same levels of strategic intent to gain skills in their businesses.

5.7 Recommendations for Future Research

At the time this research was completed in 2009 the global economies were experiencing serious difficulties stemming from a global credit crunch. This fact may influence the views expressed that brought about the conclusions found in this research. It would certainly be important to revisit the topics to see what impacts have been experienced by Irish businesses and how their strategies have had to be reviewed.

The area of labour mobility warrants further research. The impact of the global recession that started in 2008 has meant that there is a major shift in employment patterns starting. The level of migrants that remain in Ireland will need to be reviewed and whether a brain drain has commenced from that section of the labour-force. If this is the case what levels of skills are being lost to the Irish business community? A corresponding brain drain of Irish workers would require further research to ascertain if the upskilling process is being hampered by immigration among the native population.
The future policies in relation to the standardisation of qualifications under HETAC will need to be investigated to see if this has led to any form of universal recognition of qualifications.

In terms of marketing the states upskilling supports, the awareness levels of the FÁS services and the organisations interaction with the business community will require ongoing research to ascertain if there is any shift in the perceived bureaucracy and also to investigate if the changes in FÁS intimated to by the Minister will impact on the overall upskilling drive.

5.8 Summary of Conclusions

This current study investigated the position of Irish businesses in relation to upskilling to ascertain whether they viewed upskilling employees as cost effective and a beneficial method of boosting competitiveness in the globalised business environment. The levels of skills available in Ireland and future requirements were investigated. Alternative skills sources and state supports were investigated through the interviewees. The costs and benefits of upskilling employees were investigated in relation to the strategic intentions of Irish businesses operating in the marketplace. Concerns and issues were found with the upskilling process as the move towards the knowledge led economy takes place in Ireland.

Irish businesses in this study were found to recognise that they now operate in a dynamic global environment and that they can no longer just look at Ireland as their
operating environment. This study found that globalisation contains both new opportunities and challenges for Irish businesses.

This study found that there is a strong level of education and skills in the Irish labour force but this must be constantly reviewed and up skilled as the business environment changes and Ireland moves up the value chain in terms of its business and industrial base. Irish businesses need to constantly evaluate the skills they have and identify deficiencies that they may experience in the future. This current study also found that there were issues with translating educational skills into workplace skills.

The government intention to bring all qualifications under the control of one body, HETAC, is a positive move that will bring recognition to the many non university third level qualifications that exist in the Irish labour force. Furthermore, there needs to be a mechanism to simplify recognition of qualifications gained abroad so as to gain maximum benefit from the skills that the many migrant workers in Ireland possess.

The option of outsourcing components of the value chain was found not to be the preferred option for Irish businesses. While it was used for specific and low frequency tasks to gain cost efficiencies, Irish businesses stated the preference to upskill workers and to protect their knowledge base. There was found to be reluctance, among the Irish businesses investigated through the interviewees, to utilise alliances and partnerships in the manner used by businesses in the Rapidly Emerging Economies to gain skills. The use of alliances and partnerships to bring in
new skills to the business is recommended as a methodology in the ‘Ahead of the Curve’ (2004) report produced for the government.

The benefits of the mobile labour force have been found to be positive for Irish businesses since the barriers to migration were lowered for the majority of European Union countries. Barriers such as language and non identification of skills and qualifications that many of these migrants possess which could further augment the indigenous labour force skillsbase still exist.

Three forms of state support to the upskilling process were examined in this study. FÁS, the national training body were found to be over bureaucratic and difficult to access. The awareness of their services was also found to be an issue which appears to be at odds with their own research. The type of organisation that can access the FÁS services also needs to be reviewed to provide an all encompassing upskilling process.

Significantly, the “One Step Up” programme which is a recommendation made to government by the Enterprise Strategy Group (2004) and considered a cornerstone of the upskilling initiative by FÁS was not mentioned by any of the interviewees. This is indicative of the finding that there needs to be a marketing campaign to highlight the state’s incentives for upskilling, and that the state bodies need to come out into the business community to identify exactly what supports they need.

The state funded Skillnets model was found in this research, to be operating as an enterprise-led network model. This study also found a lack of awareness of the
model in the business community but recognition that Skillnets did identify what training was needed and provided this.

The option of an improved tax credit at the individual level was examined in this study in relation to encouraging upskilling. This study found the idea to be a positive concept when utilised properly, and the qualifications gained recognised by HETAC, as it is envisioned as being the new single body responsible for recognition of qualifications, as outlined by the Minister for Education and Science, Mr. O'Keefe.

Education Minister, Mr. O'Keefe reiterated the states commitment to lifelong-learning. The study looked at this in terms of Irish businesses becoming "Learning Organisations". It was found that Irish businesses believed that they were proactive in relation to training and upskilling, but experienced practical difficulties such as resources and support structures. This current study also found that the culture of learning in Irish business was influenced by the educational and professional backgrounds of the owners and senior management. Organisations led by entrepreneurs were less likely to embrace the culture than those whose principal players were, or had been, through the educational system.

An important finding of this research is that there appears to be wide variation in the amount of a businesses’ budget allocated to training and upskilling. Smaller organisations tend to spend less and the focus does not always appear to be on the benefits of employee growth and retention. Often this has been found as with other aspects of this research, to stem from the background of the principal people in the
business. This current study has found that Irish business leaders will have to develop the strategic intent to upskill and develop their human capital to match the competitors on the global scale who aim to bring knowledge and skills into their business at all stages.
Appendices

Appendix 1

Interview Guide

1 Globalisation Effects
Do you believe that Irish business is more than ever competing with everyone, everywhere for everything?

2 Education Profile in the Workforce/Labour Market
In your experience what is the level of skill available in the Irish labour market and do prospective candidates have the skills required for the dynamic competitive environment of today?

3 Identifying the Skills Gaps
Do you believe that there is a skills gap in Irish business?

4 Solutions to the Skills Gap
A: In your opinion is outsourcing a more cost effective option than upskilling workers?
B: What do you think of partnerships/alliances as a means of accessing skills? i.e. opening yourself up to the industry to gain the benefits of the knowledge that they may have rather than remaining closed to outside influence.
C: Do you think business benefits from labour mobility or could you see any source of advantage from a mobile labour force?
D: What level of awareness do you believe businesses have of the services offered by FAS?

E: Would you consider participating in a model such as Skillnets to fill any skills gaps in your business?

or

Why in your opinion do businesses participate in a model such as Skillnets?

F: Could a Skill Nets type of model be viewed as a cost effective return on investment that could be justified to boost competitiveness?

G: Could the introduction of an individual tax credit scheme be considered a feasible option for employees to enhance their skills?

5 Costs and Benefits of Upskilling

A: Do you believe that Irish firms believe in the concept of becoming learning organisations?

B: A study by McGrath in 2008 identifies a failure by Irish entrepreneurs to invest in human capital through training, spending only 1% of turnover compared to the European average of 4%. Would you have an opinion on whether this could be a strategic planning failure or an indication of the reality for Irish business?

C: What sort of state support do you think is needed as a real initiative to support business in gaining the skill base needed for the future?
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