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MCA Newsletter No. 2: After the Boom: Migration and the Irish Construction Sector

The construction sector was one of the most buoyant sectors of the Irish economy in recent years. In 2007, total output was €38.5 billion and the sector accounted for 13 per cent of total employment. In the light of significant skill and labour shortages, the sector attracted a large number of migrant workers particularly from the new EU Member States (NMS). However, if construction represented the heyday of the Celtic Tiger, it also inevitably stands for its decline. What has been the impact of the economic downturn on the sector and its diverse workforce?

In this Newsletter we examine how employers and migrants are adjusting to the crisis in construction. Using data from an ongoing Qualitative Panel Study on the experience of Polish migrants in the Irish labour market, as well as interviews with employers and HR managers, we argue that in the context of an unprecedented crisis the bargaining position of employers has increased. Faced by the prospect of job redundancy, many migrants accede to the employer demand for greater flexibility in relation to wages and work practices. In the case of job loss, some migrants are likely to leave Ireland. Others, however, are likely to stay, for the moment at least, and look for new employment. It remains to be seen whether more intense competition for jobs will increase tensions in the sector. To avoid a souring of intergroup relations, political leadership is required by the social partners, policy-makers and other stakeholders to ensure a 'level playing field' between Irish and migrant workers, even, or perhaps especially, during a downturn.

Migrant labour and construction

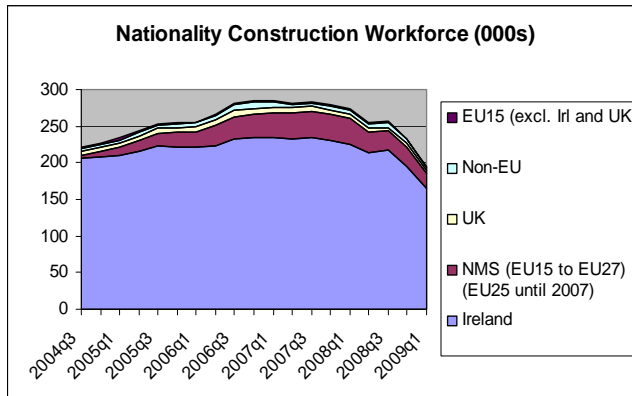
The European construction sector has always been a key sector for migrant labour. As the sector has a high share of labour-intensive, less-skilled occupations with a relatively low status, such employment is often unattractive for the domestic labour force. Moreover, as there is little customer interaction in the sector, migrants can find employment even if they do not command the language of the host country. The prominent role of migrant labour is also facilitated by the fragmented work process with the widespread usage of outsourcing individual tasks to foreign or indigenous subcontractors.¹

In Ireland, the construction sector experienced large-scale immigration in recent years. In the light of an unprecedented building boom, demand for additional labour could not be satisfied by the native workforce alone. As many Irish construction workers moved into semi-skilled job positions, there was a particular demand for less-skilled construction labourers. At the same time, migrant employment in the sector is not confined to low-skilled occupations, as migrants have also been recruited for higher-skilled positions as engineers, site managers and quantity surveyors.²

¹ Fellini, I., Ferro, A. and Fullin., G. (2007) 'Recruitment processes and labour mobility: the construction industry in Europe', *Work, Employment and Society* 21(2): 277-298

² Bobek, A., Krings, T., Moriarty, E., Wickham, J. and Salamońska, J. (2008) *Migrant Workers and the*

By the end of 2007, migrants accounted for 17% of the total construction workforce. As can be seen from Chart 1, migrants in the sector predominantly originate from the NMS.



Source: Quarterly National Household Survey, Central Statistics Office (CSO) (note that the CSO does not include architects in their classification of construction occupations)

Since 2008, employment in the sector sharply declined, with over 70,000 jobs being lost. As can be seen from Chart 1, there were significant job losses among Irish workers and, even more so, among NMS migrants. Between the first quarter of 2008 and 2009, employment for the former went down by 26 per cent, whereas employment for the latter went down by 36 per cent. Thus, both Irish and non-Irish workers are affected by the crisis, with NMS migrants being particularly badly hit by the downturn.

Migrant and employer responses to the recession

Of the twenty-two participants in our Qualitative Panel Study, eight work in the construction sector, in a variety of occupations ranging from less-skilled labourers to higher-skilled civil engineers and architects. Not surprisingly, these migrants are becoming

increasingly concerned about their employment situation. With two participants already having lost their jobs, others are fearful that they could be the next in line. According to a Polish civil engineer, 'the situation looks like this, if we don't win any big tender until that time (June 2009), then there will be more significant redundancies' (male, 33). This may lead to considerable stress and anxiety at work as reported by this architect:

When they fired the first one, xxx, well, ok...But when they fired xxx, I got really scared. Because I thought: 'F...' My boss had a choice between her and me and then there was somebody fired again and again...It is a kind of nervous atmosphere. And every time when my boss was calling me for some serious conversation, then, you know, my heart sank because I thought that it was going to be me this time...(female, 28).

Laying off people, however, is not the only option that employers have to cut down on costs. Other responses may include pay cuts, an increase in unpaid overtime and redeployment of existing staff.³ As a result, work may become more intense as experienced by this construction labourer:

'Because of the whole recession they added one hour of work for us. Instead of finishing at half four we finish at half five for the same amount of money...I work for 45 hours per week for the wage that I had for 40 hours before the recession' (male, 24).

Not surprisingly, the crisis exercises downward pressure on wages. While until

³ Rogers, A., Anderson, B. and Clarke, N. (2009) *Recession, Vulnerable Workers and Immigration: Background Report*. Oxford: Centre on Migration, Policy and Society

recently wages in the sector have continuously risen,⁴ this trend has been reversed by the recession. In the light of more intense competition for jobs, the bargaining position of employers has increased. As pointed out by a Manager from a recruitment agency that specializes in supplying Trades and Labour workers to large construction companies:

‘There are 20 men looking for every job now, pay scales have gone down. There are crane drivers who now work for us for x amount whereas two years ago they wouldn’t have imagined doing that... they got €250 a day, now if they get €150 a day, they are lucky!’ (Manager, Recruitment Agency)

Particularly when looking for a new job, migrants may encounter wage offers significantly below the Registered Employment Agreements (REAs) that are negotiated between trade unions and employer bodies and are legally binding for the sector. As reported by a construction labourer:

Changing the job means changing the earnings...when I was calling other companies and enquiring about the earnings, then they were even trying to offer me 9 Euros per hour (male, 30) [*the lowest REA rate is €14.88*].

One of the features of the crisis is that it is not confined to less-skilled positions but also affects higher-skilled occupations, in particular architects and civil engineers. According to some estimates,⁵ 40 per cent of architects have

lost their job since Ireland was hit by the recession:

I've tried to get an overview of how the market is doing at the moment. Zero chances. In all of the companies...From what I've been hearing from my colleagues who work in this profession (architecture)...generally, what firms are doing is they are firing their employees and they are keeping senior staff only (male, 33).

In order to avoid redundancy, construction employees may have to accept occupational downgrading. As spelled out by an HR representative from one of the largest service contractors in the industry:

There was a law that it was just Trades people being let go... but it then started creeping up the ranks. Foremen were being downgraded to charge hands...Foremen being downgraded to electricians...the only choice was “we can either make you redundant or we have a position for an electrician, we can move you there” (HR Manager).

Our interviews with employers suggest that even though all firms have made some redundancies, large companies appear to be more inclined to hold on to their workforce than smaller subcontractors and recruitment agencies. Indeed, one large company even tries to view the current crisis as an opportunity to invest more in training:

‘In part our view is that it offers us an opportunity to do some training...there is a cost to training but there is also a cost of not training so sometimes when you are in a downturn, it’s the best time to training because when you are trying to train in the good times, people are too busy’ (interview, HR Manager).

⁴ Bobek, A., Krings, T., Moriarty, E., Wickham, J. and Salamońska, J. (2008) *Migrant Workers and the Construction Sector in Ireland*. Dublin: Trinity Immigration Initiative

⁵ Cooke, N. (2009) ‘Professionals feel pinch of job and pay cuts’, *Sunday Business Post*, 8 March 2008

In turn, subcontractors and recruitment agencies appear to be more likely to respond to the downturn by laying off people. This, however, does not mean that such rather precarious employment relationships are likely to disappear any time soon. There is some evidence to suggest that in the context of a recession, non-standard forms of employment may become more widespread.⁶ Indeed, some of our interviews with employers suggest that they may increasingly utilise agency labour should they resume recruitment in the future. This may offer greater flexibility in the light of possible future ups and downs in the industry.

On the migrant side, there is less appetite for a job move in the current economic climate. Those who are still in employment appear to hold on to their jobs, even if it involves pay cuts and an intensification of work:

‘It is kind of impossible right now, you know, to change a job. I am happy that I still have a job. To find a new job in construction at the moment, it is a nightmare’ (female, 28).

Among those who have lost their job, some are likely to return to Poland or move on elsewhere. Returning home, however, is not the only option that migrants have when losing their job.⁷ Indeed, some of our participants have already expressed a preference to look for new employment in Ireland, rather than opting for the ‘return ticket’, well aware that social welfare arrangements here may temporarily cushion the impact of possible unemployment:

‘I will try to find something here. And you can always get...I wouldn’t want to...but you can get the benefit here, the one for the unemployed. So it gives you some survival’ (male, 30).

In uncharted territory: a multinational workforce at times of economic crisis

The Irish construction sector experienced large-scale migration in recent years, particularly since EU enlargement in 2004. In the light of significant skill and labour shortages during the boom, immigration appeared as a ‘win-win’ situation for both migrants and employers, in spite of some cases of rights violations and underpayment of migrants. However, now that the industry has gone from boom to bust, it is entering uncharted territory. On the employer side, companies adjust to the crisis by cutting costs and insisting on greater flexibility from their workforce. On the migrant side, at a time of mounting uncertainty, people are holding on to their jobs, in spite of a worsening in terms and conditions of employment. In the case of job loss, some migrants are likely to leave Ireland. At the same time, there is little doubt that others will opt to stay, for the moment at least, and look for new employment.

It remains to be seen whether the downturn in construction will affect inter-group relations ‘on site’. In recent years, when both the employment rate and the wages of Irish construction workers significantly increased, the incorporation of almost 50,000 foreign nationals into the sector has been relatively unproblematic, despite some cases where migrants were underpaid. However, at times of an economic downturn tensions may increase, particularly if employers should deploy migrant labour as a ‘cost-cutting’ method at the expense of domestic workers. Recent protests in the UK against the deployment of ‘posted’

⁶ Peck, J. and Theodore, N. (2007) ‘Flexible recession: the temporary staffing industry and mediated work in the USA’, *Cambridge Journal of Economics* 31(2): 171–192

⁷ Krings, T., Bobek, A., Moriarty, E., Salamońska, J and Wickham, J. (2009) ‘Migration and Recession: Polish Migrants in Post-Celtic Tiger Ireland’, *Sociological Research Online* 14 (2/3)

workers from Italy and Portugal to an oil refinery in Lindsay ('British jobs for British workers') illustrate the potential for an anti-foreigner backlash at times of deteriorating economic circumstances.⁸

Although similar scenes have so far been absent in Ireland, it is not inconceivable that such disputes could emerge here as well. To avoid a souring of intergroup relations, political leadership is required by the social partners, policy-makers and other stakeholders to ensure a 'level playing field' between Irish and migrant workers to the greatest extent possible. This is of particular importance when it comes to the delicate question of redundancies which should not be decided on the basis of nationality. Moreover, unemployed migrants should be afforded the same opportunities to retraining and upskilling as Irish workers. This particularly applies to new

training programmes for unemployed construction workers that have been recently announced by the Department of Enterprise, Trade and Employment.⁹ The construction sector is unlikely to ever return to the level of building activities that epitomised the Celtic Tiger (and its shortcomings). However, even a future construction workforce is likely to continue to include migrant workers, although in smaller numbers than during the boom years.

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MCA Publications

'Migration and Recession: Polish Migrants in Post-Celtic Tiger Ireland', in *Sociological Research Online*, Vol. 14 (2/3)

'Working in the Gold Rush: Polish Migrants' Careers and the Irish Hospitality Sector', in Bolton, S. and Houlihan, M (eds) 2009 *Work Matters: Critical Perspectives on Contemporary Work*, Palgrave Macmillan.

Sector reports on software, financial services, construction and hospitality are available at www.tcd.ie/immigrationcareers/index.php

⁸ Rogers, A., Anderson, B. and Clarke, N. (2009) *Recession, Vulnerable Workers and Immigration: Background Report*. Oxford: Centre on Migration, Policy and Society

Announcements

TII Seminar, 2 October, 2009 (12.30-2pm)
Ger Deering, Director of the National Employment Rights Authority
Employment Rights Compliance and Migrant Labour

International Migration Conference
Trinity College Dublin (30 June-2 July 2010)
MCA Conference Stream: *Migration, Employment and the Regulation of the Labour Market: The Experience of New Immigration Countries in Europe*
(Keynote Speaker: Prof. Michael Bommes)

⁹ Department of Enterprise, Trade and Employment (2009) 'Tánaiste announces detail of new green FÁS courses for construction sector', 19 May 2009