

6.5. Schering-Plough (Bray), Ireland (CASE STUDY 5)

6.5.1. Background and context

The Schering-Plough plant is located in Bray, a traditional seaside town, and is part of Merck Pharmaceuticals Multinational. It manufactures a range of pharmaceutical and healthcare products for animal health. The merger of Merck and Schering-Plough has resulted in total employment of over 100 000 people with around 1 400 of these in the legacy Schering-Plough (Ireland) organisation. Sites are currently based in Rathdrum, Co. Wicklow and Brinny, Co Cork, in addition to the Bray plant.

At Bray the company currently employs around 240 people on site and this number has been stable for some time. Around 100 employees are directly involved with the production side and are generally experienced operatives, some with specialist skills for this sector, but not necessarily with any formal qualifications reflecting this work. Other staff are employed in support functions such as quality, finance, engineering, supply chain, etc. and would have qualifications and experience to match the needs of their particular jobs.

The plant is an important source of employment in the area and while the production staff tends to have fairly local travel-to-work patterns, many other employees travel from a much greater catchment area. Trade union membership is high among the production and engineering staff, together accounting for approximately 90 employees.

6.5.2. Restructuring and job losses

The latest acquisition of the company by Merck Pharmaceuticals follows the takeover in 2007 by a Dutch conglomerate (Organon Bio Sciences and Intervet) and it was the decision of this company that precipitated the current restructuring exercise. Following a review of the multinational's production facilities worldwide, the decision was taken to rationalise the number of plants. The Bray operation (the only animal health manufacturing site of the three in Ireland) was earmarked for closure. The need to bring about cost reductions was the principal motivation behind this decision and the Bray plant was felt to need substantial investment to upgrade its plant and machinery, more so than other plants in the group. As a result, production will be phased out and switched to the company's other operations in Europe – including Germany, Spain and France – indicating that this is not about reducing labour costs and was not a direct response to the current economic recession.

The announcement of the closure was made in March 2009 and the current timetable for the rundown of the plant sees ultimate closure by the middle of 2011.

6.5.3. Restructuring practice and processes

The company has responded to the announcement of the planned closure with a series of activities to inform staff and outline the timetable and types of help that will be available. It has engaged the services of a private sector outplacement (Right Management) that the group has used on a previous occasion, but at a different site in Ireland, which would take the lead in organizing a series of progressive support measures that would reach a peak during the final three months of work for the employees concerned. The outplacement company began its work by advising the management of the company on how to handle the overall situation and on the levels of support that could be

delivered and when. This particular plant had no previous history of significant restructuring and so it was important to draw on the wider experience that the outplacement provider could bring.

The Union learning representative from the main trade union for the production workers (SIPTU) took an early initiative once the company's plans were confirmed and brought in advice from the union's specialist, Ideas Institute, an independent not-for-profit agency providing commercial training and development. It offers the following services to employees and their organisations:

- a) certified training and development programmes;
- b) change facilitation and support;
- c) development interventions to assist changes in work organisation;
- d) individual personal development training programmes;
- e) project management services for change projects;
- f) research into the advancement of employee education and training;
- g) other specialist services including media skills and communications training.

These services are available to organisations and staff in the private and voluntary sectors.

In the case of this restructuring, the Ideas Institute regional training coordinator initiated the training of a shop floor representative as a Union learning representative (ULR) in May 2009. This representative would be in a position to discuss the training options with the company and seek to maximize the help that could be given by also harnessing support from the main national agency for training and employment, the FÁS. The ULR is a relatively new development that allows trade unions to take a more direct role in promoting learning in the workplace. Essentially the ULR is trained to give advice and guidance to union members on learning needs and opportunities. They have been particularly effective in raising levels of interest in training and development particularly among lower skilled workers and those with basic skills needs. The ULRs cooperate with their colleagues, the employer and learning providers, often helping identify access to funding as well as sourcing suitable courses.

The ULR conducted a training needs survey of union members on the site over the period June-July 2009 and the results were analysed by the SIPTU regional training coordinator and fed back to the local union. It demonstrated the level of interest in training among the workforce, provided valuable indicators of demand and laid the foundations for negotiations between the trade union and the company that has led to the provision of 10 accredited courses provided by the Ideas Institute with funding from the FÁS. This was part of a training assessment and planning exercise for all employees, resulting in over 45 courses and 1 800 training days being planned.

To involve all groups of workers in the information process surrounding the closure, the company established a special 'transition forum' that of representatives chosen by colleagues. The regular meeting gives the company the opportunity to update the situation and take questions from the forum members. The consultations and negotiations continue but, to date, have established a basis for training and retraining support for all employees. This consists of a maximum of 10 days training: a maximum of 7.5 days will be covered by the company in terms of salary costs and, where needed, the remaining 2.5 days will be taken as holiday entitlement or unpaid time off by the employee. This

gives the opportunity for short-term training in transferable skills that should have some use in the wider labour market.

Conscious of the need to equip employees with as much recognition of their experience as possible, the company plans a 'certificate of training' for each employee that confirms all the training completed during their employment period. The company would like to issue a nationally recognised qualification recognising the acquired skills and experience of the staff but this is not possible under the present national training and qualifications structure, which does not provide for the recognition of prior learning in this way.

The company has negotiated a severance package, applicable to all employees, that considerably enhances the statutory redundancy requirements, though this will only be available at the time designated by the company for the particular jobs finishing. For example, if an employee finds another job before starting the official period of notice (two to three months) and decides to leave, this will be interpreted as a voluntary quit and any entitlement to a redundancy package will be forfeited. In this way the company can plan to maintain production until the final stage of the closure, though the need to give support to staff as soon as possible is recognised and measures have been taken in this sense.

In cooperation with the outsourcing provider, the company has set up a 'next move centre' facility comprising a dedicated room with internet access for use as a drop-in facility for employees during breaks, as well as before or after work. In the meantime, employees can access personal guidance via the website or by telephone. In addition, the Trade Union Centre for the Unemployed has offered their training rooms so that workers can receive information regarding social welfare entitlements and related matters.

To help employees further in finding alternative work, the company will use its internal and external contacts with other employers to seek out vacancies. Internally, any vacancies in other plants, in Ireland and abroad, are brought to the attention of the employees. Externally, the intention is to hold jobs fairs at the plant where other employers with vacancies can come in and, it is hoped, fill some of their own job vacancies. However, the current economic recession has hit Ireland particularly hard and the level of vacancies is very low at present.

6.5.4. Cooperation and external capacity

The main public sector body concerned with employment and training services is the FÁS. Although it does not offer any specialist rapid response service in the case of large scale redundancies, it can offer access to its services in the shape of job search support and vacancy information and some funding for short-term training. However, given the long lead-time of this particular plant closure, the full effect of these services will not be felt until the final weeks of the rundown when staff will finally face the reality of the plant closing.

There is no separate nationally available careers agency in Ireland and what careers advice is available in the public sector is delivered by the FÁS through its job placement activities. Further, resources in general are being tightened in the public sector as a direct result of the economic recession and severe financial crisis in Ireland. Expectations of what support might be available are relatively low.

6.5.5. Impacts and effects

It is too early to say what effect the limited support given to date has had, though it is likely to have already started shaping the views and aspirations of the employees. Individual training needs analyses were carried out by a group of employee training representatives, supported by the main trade union and the outplacement company. This indicated a wide range of suggestions for further training (such as in retail, distribution, care sector, etc.) which could be interpreted as indicating a certain realism among the workforce about where the future jobs might be. However, the likelihood is that these views will change over the next 12 months, as more information filters through on the realities of the job market. The information, advice and guidance given to the staff on these trends will be that much more important.

6.5.6. Innovation and effectiveness

The long lead-time in the closure of this plant and the early engagement of the outplacement company, plus the involvement of the main trade union, provides a good opportunity for employees to come to terms with the situation and plan their exit strategy. The danger is that the long period of notice may persuade some employees to postpone their activities until the final few weeks of work, partly encouraged by the current poor prospects of alternative employment. Therefore, it will be important for all those involved, particularly the company, outplacement provider and trade unions, to ensure that staff consider their options sooner rather than later. Here the availability of the dedicated 'next move centre' room for use by employees soon after the closure announcement was made should help encourage early activity.

The company has responded to the need for full consultation by setting up the 'transition forum' drawing on staff representatives from the main work categories. The focus of the forum will also become sharper as the closure date approaches but, in the meantime, its effectiveness will be dependent on how much of a two-way flow of information and actions there is.

Recognition of the crucial role that training will play in allowing employees to seek alternative employment has been reinforced by the initiative of the main trade union (SIPTU) in drawing on its national resources and developing training options, including the training allowance. While this will allow only short-term training, combined with the company's intention to provide a certificate of all training done by the employee, it is likely to help employees significantly with their job search activities.

Source: "Socially responsible restructuring. Effective strategies for supporting redundant workers." CEDEFOP, European Centre for the Development of Vocational Training, 2010