

DEMAND FOR THIRD LEVEL AWARD HOLDERS BEGINS TO INCREASE

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Since Ireland joined the European Community in 1973 the total level of employment has increased slightly and broadly in line with the European average. In the earlier part of the period employment in Ireland grew much more rapidly than the European average due in large measure to increased public spending, financed by borrowing. In the early eighties this trend was reversed as successive Governments sought to rectify the public finances. Since 1986 the employment performance of the Irish economy has once again come into line with the changes in the rest of Europe.

European employment in 1988 expanded by 1.8 million, its largest increase for many decades. If the Cecchini Report predictions of EC post-1992 employment are fulfilled, assuming that the Governments of member States adopt coordinated growth policies, then employment in the European economy could increase by 2% per annum after 1992. This performance would be similar to that achieved by the United States in recent years. Since Ireland is now broadly matching the European rate of employment increase, the prospects of a higher rate of job creation post-1992 seem favourable. The Government is forecasting a net increase in Irish employment of 13,000 this year which, if achieved, would be the seventh highest rate of employment increase over the last forty years.

Trends in total employment are reflected in the demand for executives and new third level recruits. In the period from 1983 to 1987, advertised executive vacancies in Ireland increased by 4% per annum and recruitment of newly qualified third level people increased at a similar rate of 2% per annum. However, in 1988 advertised executive vacancies increased by 30%. Information on the number of newly qualified graduates recruited in 1988 will not be published until the late autumn but it seems likely that there was a sharp increase in Irish demand for these graduates.

Demand in Ireland is the primary, though not the only influence on Irish recruitment of newly qualified graduates. Several other factors also have considerable influence at present. Firstly there is strong demand from Britain where 70% of our migrant graduates find jobs. As the British economy expanded in recent years the rate of skill shortage in British industry has become more serious. While only 11% of British manufacturing firms reported constraints due to skill shortages in 1983, this had

increased to 27% in 1988. Such skill shortages inevitably result in intensified efforts by British companies to attract graduates with relevant disciplines from Ireland, Thus third level migration from Ireland increased from 6% of the total graduating in 1983 to 19% in 1987.

Secondly, the supply of young people graduating from our third level colleges between 1983 and 1987, increased by about 6% per annum but numbers recruited in Ireland increased by only 2% with the result that many **had** to migrate in order to obtain employment. The fact that jobs were readily available in Britain resulted in a low unemployment rate among those who graduated from Irish third level colleges in 1987.

Thirdly, after-tax income differentials currently exert an additional pressure on voluntary migration of young skilled people. Young single graduates with a starting salary of £10,000 have a 7% higher post-tax income in Britain or a 3% lower post-tax income in Germany. But when gross salary is increased to £20,000, post-tax income is 28% higher in Britain and 8% higher in Germany. The moves in the recent Irish budget were a first step in eliminating the gap but it is clear that the differentials will have to be eliminated, if migration distortions are to disappear.

Fourthly, many newly qualified graduates wish to gain experience abroad for some years before returning to Ireland. Such an approach is to be welcomed, and the experience gained enhances their value to the Irish economy. It is therefore, exceptionally important that they can obtain broadly similar after-tax incomes in Ireland. Factors such as the quality of life in Ireland, the sense of belonging, and a wish to contribute to the development of one's own country may compensate for a small discrepancy.

There is now some evidence that the level of demand for young third level award holders in Ireland is beginning to increase significantly, and that involuntary migration will fall sharply this year. Should the economy continue to recover at a similar rate over the next two years, it seems likely that involuntary migration will be eliminated and that many Irish firms will seek to attract young Irish graduates home from abroad. It is vitally important that consideration should be given at this early stage of the recovery cycle to the measures necessary in order to ensure that the development of the economy will not be constrained by skill shortages in three years time.

Liam Connellan, it's new technology but it seems to be catching on, what's your view of Video Conferencing over all?

L: I think that it has tremendous potential. I think that Video Conferencing is part of a whole panoply of aids which business has today which makes it an awful lot easier to communicate with one's customers, with suppliers and indeed with joint-venture partners and so on. So, just as the development of the phone system has been terribly important, or the introduction of fax has been very important, or the introduction of computers and linking between suppliers and customers and all that offers, then I think that Teleconference is another part of that communications theme.

What do you see as the key benefits of it on a day-to-day level for, let's just talk about Irish Companies for example?

L: Well, I suppose one of the best key benefits I came across, and one of the best examples I came across recently, was a firm down in the Limerick area that had bought components in from Germany and there was a crack in one of the parts and they had to do something about it very quickly. They had a choice of either sending the part over to Germany and showing them that this is where the thing is or trying to explain it by phone, but in the end what they did was they did a TeleConference with their supplier in Germany which they could do within a few minutes and pointed out where the crack was, pointed out where the difficulty was and got the problem solved straight away. Now that was a very practical example but I think that there are many other examples for small Irish industries who, in a market of 320 million people, are trying to make links with equivalent sized firms right throughout the community, to a market of 300 million people and they can't actually set up subsidiaries but what they can do is make arrangements with similar types of companies right throughout the 300 million market. Then the possibility of them being able to talk to one another, not just by phone but actually have video conference type conversation where they can see the other person where they can show samples, where they can discuss problems with particular products, where they can show drawings and discuss points on drawings and so on. These are all terribly important.

Indeed it's a very personal form of technology - is User Friendly.

L: It's user friendly and in a lot of cases can remove the requirement of popping over to see somebody by air which costs them a few hundred pounds, where as this can only cost a few pounds so there are tremendous possibilities there.

What about with particular reference to a small country like our own? Cliché lines, we're peripheral, we're small, we're at the edge of Europe, 1992 is going to be something of a shock for us. Video Conferencing must fit into all of that?

L: It does very much because given our geographic location what we have got to do is to remove all perceptions that people on the continent would have that we are a long way away and, by being in regular phone contact by for example our small firms and there's a tremendous tendency towards sub-contracting among industries right across the community now. But industries would only sub-contract, large firms would only sub-contract to people who are in very close communications with them daily and, for example, I know some at this stage who will not give business to small firms that haven't their personal computer contact that can't access the stores, can't know exactly what the stock level is, in the customer's premises for the products say of the Irish sub-supplier. So you have to have all that mechanism. Now that requires the electronic data interchange, it requires

computers, it requires a very good tele-communications system and then the Teleconferencing is another part of that because the tendency more and more is that all firms are so tightly linked to one another, now, that customers want to be linked to the suppliers, supermarkets want to be linked to their suppliers, major industrial firms want to be linked to their sub-contractors and want to have a very very personal link and an instantaneous link so even now on the industrial side you will get some large manufacturers on the continent who if they want to change a design or want to discuss a change of design they want to be able to do that all over the Telecommunications and computer link and Teleconference links, so you use what ever method is the most suitable to give you that very very close interaction, so that even though the small Irish firm you may say well: "it's at a distance" - yeah, but the the customer has to feel he is next door, that he's a fellow just down the corridor. And you can do that by using the Telecommunication method and many are saying that if you can't do that we don't want to deal with you and I have absolutely no doubt that the trend which is going to emerge more and more particularly with the development of the single European Market.

So you definitely don't see it for example as being simply the exclusive access of the multi-nationals, you see a key role for it and the CII clearly see a key role for it for small Irish businesses?

L: Oh absolutely, absolutely, I think the multinationals are already using the facility but what one has in the restructuring of industry right across the world this this tremendous tendency towards sub-contracting the tremendous tendency too for the large firms just to concentrate on what only they can do and spin over all their other activities where they can to farm them out, eh, but they will only do it to the people who are geared up and have this easy, very easy and very sophisticated telecommunications system with them, through the phones, fax, computers and Teleconferencing.

Well, finally then, what would you say, what would the CII say to a small business person thinking of looking at this?

L: They look at it very seriously look at it as just one of the methods which you can use in order to improve your communications with your customers, your industrial customers, your commercial customers and your potential joint-venture partners right throughout the European Community. You can't afford to neglect it.

Liam Connellan, thank-you.

QUESTIONS:

Well you see this then as having substantial advantages for a small country like Ireland, the old clichés - we're on the periphery, 1992 is on the way - so you see it as a big step forward for a country as small as ours?

Well you would see then Video Conference as having substantial benefits for a small country like Ireland - the old clichés, we're on the periphery, we have got to cope with the up and coming 1992, and you would see this technology

Well you would see Video Conferencing then as having special benefits relevance for a small country like Ireland - the old clichés about us being on the periphery, 1992 on its way, clearly you see great advantages in Video Conferencing because of our size and because we are on the periphery.

Well what would be the CII's message to any potential Irish business man thinking of using Video Conferencing?

So what would the CII say to any small Irish business person thinking of getting into Video Conferencing, you would clearly encourage them?

THE END.