

Multinationals boost Ireland but jobs go unfilled

December 11 2013

Many of the world's leading tech companies call Ireland home, providing a boost for the cash-strapped nation but huge employment opportunities are being missed as Ireland marks the end of its bailout on Sunday.

Google, Facebook, Twitter, Paypal and a host of other tech giants have set up in Ireland or increased their presence since Dublin turned to the EU and IMF for an 85-billion-euro (\$115 billion) rescue programme in late 2010.

Foreign direct investment into Ireland has actually increased during the bailout years.

"If you look at why multinationals came to Ireland before the crisis, they came for a number of reasons," said Barry O'Leary, the Industrial Development Agency's (IDA) [chief executive](#).

"The things that they came for were not affected when the international financial crisis hit," he told AFP.

The Irish economy crashed after a banking crisis and an overheated property sector plunged it into a downward spiral of rising unemployment and huge public debts.

On December 15, after years of spending cuts and tax rises, Ireland will become the first of the rescued eurozone countries to exit its EU-IMF bailout programme.

Dublin had to move the economy away from reliance on property "to move to a sustainable economy built on enterprise, innovation and exports," the minister with responsibility for jobs and innovation, Richard Bruton, said.

Ireland targeted the IT sector because "it's a very dynamic sector".

"It helps a lot not only in the direct employment it creates but it creates a very exciting enterprise culture where there's a lot of start-ups happening—Irish-owned as well as foreign-owned."

Facebook set up in Ireland in 2009 and last month said it was moving its international headquarters in Dublin to bigger offices for up to 1,000 staff.

Earlier this month, Microsoft announced a second expansion of its data centre in Dublin in an investment worth 170 million euros.

However, despite the willingness of high-profile companies to invest in Ireland, a skills shortage is leaving many of the jobs they create unfilled.

A report from Fast Track to IT (FIT), a non-profit industry-backed organisation which liaises with lawmakers and the education sector, revealed there were 4,500 unfilled jobs in the sector.

With nearly 300,000 people unemployed, a rate of over 12 percent, the unfilled positions look to many like a missed opportunity.

"There's a mismatch of skills," said John Dennehy, project director of Make IT in Ireland, another industry-backed initiative.

"You cannot take someone who is unemployed that hasn't worked in the tech sector and make them an experienced software developer in a short

period of time."

One major attraction for multinationals is Ireland's favourable corporate tax rate of 12.5 percent, long the ire of its EU partners.

Ireland 'more business-friendly than' US

But O'Leary insists it is not the defining reason why companies invest in Ireland.

"If you're only concerned about taxes, you'd be in Singapore or Switzerland or even the Netherlands where they offer special deals on taxation."

"If you look at the big players in Ireland: the HPs, the IBMs, the Intels, the Apples - all of those companies have thousands of people working here in each of them," O'Leary said.

"The most important thing for prospective companies is always the talent pool.

"The second thing is a strong track record with a company's peers or competitors.

"The third most important issue is the corporation tax followed by the technological capability."

All the same, Bruton said Dublin will oppose any moves to harmonise corporate tax rates across the EU.

"We held out very strongly against that at a time when we were under a lot of pressure and we're certainly not going to move away from our position of having a competitive corporate tax rate."

"We intend to compete on the tax front and to compete to win but in a fair way."

It is not just multinationals who have found success in the midst of Ireland's worst financial crisis, with a number of indigenous high-tech companies springing up in the bailout years.

GenCell Biosystems, a developer of biological testing technology based in Limerick on Ireland's west coast, was founded in February 2011 and now employs 40 people.

Like many of the success stories of recent years—and a sign of the direction the Irish economy has taken—GenCell exports 100 percent of its technology.

The company's founder and chief executive, Kieran Curran, said setting up in Ireland compared favourably to the United States.

"It's very straightforward. You have minimal legal road blocks stopping you from setting up your company and the support structure genuinely is more business-friendly than in the States."

Influential business magazine Forbes shared Curran's view, naming Ireland the best country in the world for business in a survey released this month.

However, Curran also said finding suitable candidates remains the main challenge as the company seeks to expand.

© 2013 AFP

Citation: Multinationals boost Ireland but jobs go unfilled (2013, December 11) retrieved 23 April 2024 from <https://phys.org/news/2013-12-multinationals-boost-ireland-jobs-unfilled.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.