

Joint European Level Social Partners'
Work-Programme 2006 – 2008

Joint Study on Restructuring in the "EU15"
Phase one

Austria

Summary note of the meeting that took place in
Vienna on 10th and 11th March 2008

ARITAKE-WILD
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Introduction

The sixth seminar in the joint European level social partners' project, "Joint study on restructuring in the EU15" took place in Vienna, Austria on the 10th and 11th March 2008. It was attended by the Austrian social partners, European social partners and experts – an attendance list is attached as appendix one.

Those present were welcomed to the meeting and the project expert coordinator, Alan Wild, explained the background to the project in the context of the 2006 – 2008 social partners work programme and the work already undertaken by the European level social partners on restructuring in the 10 New Member States; capacity building for employers' organisations and trade unions for participation the European Social Dialogue in the New Member States and Candidate Countries; and the employers' and trade union resource centres.

He further explained that the ultimate report produced after the meeting would be an "expert report" and, as such it would not be expected to be either "adopted" or "agreed" by the local or European social partners. He stressed the importance of good and open debate in helping assure a high quality contribution to the overall project from Austria.

The Austrian national dossier – section one

The project expert for Austria, Eckhard Voss, presented the first section of the Austrian National Dossier – "A macroeconomic review of restructuring in Austria" (slides attached as appendix two). At the end of the presentation he left the Austrian social partners with the following questions;

- 1) Austria has experienced several "positive shocks" during the last decades in the context of globalisation and internationalisation – How can the momentum generated be used to promote sustainable economic development?
- 2) What explains the significant differences in labour productivity development in manufacturing and business services? What are the main challenges in particular for high-profile areas in the service sector?
- 3) What can be done to tackle the problems of under employment of vulnerable youths and older people?

- 4) There has been a sharp increase in Austrian foreign direct investments in particular in the CEEC – what have been the main effects of these on economic performance, labour relations and competitiveness?
- 5) What are the main challenges for the Austrian industrial sector and manufacturing as the CEEC countries and other competitors catch-up quickly?
- 6) Which future trends of restructuring are likely to occur, in particular in public and private services?

Following the presentation the points summarised below were made by those present to further explain the context in which the report had been drafted, to add new information and, to help shape conclusions in order to contribute to the content of the final national dossier. The comments are grouped by issue rather than timing or view of the speaker;

- ◇ Questions of clarification/comments were raised on slides 16 and 18 of the presentation that Eckhard Voss will address in the final report and in any future use of the slides. It was also suggested that where 2007 data is available it would be good to use it;
- ◇ Whilst 15,000 jobs have been lost in Austria due to cross border transfers to Central and Eastern European countries (CEECs), 70,000 jobs have been created by Austrian companies in CEECs. Much of this is associated with innovation in small companies expanding production and trade across neighbouring borders;
- ◇ One participant felt that the overall tenor of the report seemed to portray restructuring in an over negative light. This point was later disputed by another union participant;
- ◇ Despite the benefits of European expansion, popular surveys show Austria to be second only to the UK in the “anti European sentiment” ratings. The general population blame EU membership for increased crime, migration, traffic problems and environmental concerns;

The Austrian national dossier – section two

Eckhard Voss presented the second part of the Austrian dossier “The role of the social partners in restructuring” (slides attached as appendix three). He left the participants with the following questions;

- 1) To what extent do the Austrian legislative frameworks, institutions and collective agreements at national and sector levels help or hinder in dealing with qualitative and quantitative changes in employment and the nature of work?
- 2) In what ways do Austrian information and consultation and co-determination requirements facilitate or hinder qualitative change in the workplace?
- 3) Are there any further or different instruments of “active” labour market policies need which can mitigate the social effects and/or anticipation of restructuring in Austria over the long term?

- 4) How can “employability” (in the form of formal individual development plans and formal (re)training) help in the anticipation and management of restructuring at the company level? How can “employability” be stimulated?
- 5) What are major strengths and weaknesses of the Austrian model of “Flexicurity”? How could the system be further improved?

Following the presentation, and in similar fashion to the discussion of section one above, the points summarised below were made by the seminar participants;

- ◇ Questions of clarification/comments were raised on slides 24 and 29 of the presentation that Eckhard Voss will address in the final report and in any future use of the slides;
- ◇ Austria must catch up on R&D and innovation and put increased emphasis on this. A start has been made with a new research institute and life sciences institute being established near Vienna;
- ◇ Real success depends on the quality of education systems. There is a need to improve workforce qualification. Effective education starts in primary schools. In particular better education and vocational counselling is needed to steer students into the right career paths;
- ◇ Austria needs to perform better in getting women back into the labour market after they have had children and improving the participation rate of older people and disadvantaged groups;
- ◇ Privatisation of the labour market administration 14 years ago helped in the development and application of improved active labour market policies
- ◇ A prerequisite for the acceptance of change is the engagement of employees in the reasons for change and the process of implementation;
- ◇ Too many Austrians move from employment onto disability pensions or early retirement when they are really able to work. This is a waste of a valuable resource;
- ◇ In the employers’ view, historic labour market rules need to be capable of rapid adjustment to respond to the environment that faces companies today. There have been steps in the right direction but they do not go far enough;
- ◇ On the issue of flexicurity, Austrians are interested in the Danish model but companies still like flexibility and employees like security;
- ◇ Reforms in public services are challenging long standing Austrian assumptions. A postal worker used to be able to maintain a family on one income. These kinds of change are difficult to accept;

- ◇ The comments on opening clauses in collective agreement may over-state the case. Companies can use opening clauses only if they meet certain requirements and there is limited room for manoeuvre;
- ◇ The almost unique "Chamber system" in Austria results in 100% membership of employers' organisations and therefore 100% application of collective agreements. This means the social partnership is balanced with both parties being equally strong;

Joint EU social partners work relevant to restructuring

Cinzia Sechi (ETUC), Liliane Volozinskis (UEAPME), Tina Weber (CEEP) and Maxime Cerutti (BUSINESSEUROPE), presented the recent work of the European social partners in the area of restructuring focusing on their activities relating to lifelong learning; orientations for change; European Works Council best practice; and the restructuring studies (slides attached as appendix four).

Case studies

Representatives of employers, trade unions and consultants associated with the restructuring cases from SHT Haustechnik, Austrian Airlines, the Austrian Federal Railways OBB, T-Mobile and the Plastics cluster of enterprises engaged in the Clusterland Upper Austria umbrella organisation made presentations. The case studies are summarised in the dossier circulated prior to the meeting and the final dossier will be supplemented by the additional points made in the presentations.

The participants discussed the case studies content in the context of the more general discussions that had already taken place, making the following points;

- ◇ Restructuring is not just about what companies need to do, it is also about the effects on the people that have to cope with the fall-out;
- ◇ Employees have the right to learn earlier than they do today if their jobs are at risk. Early engagement of employee representatives was an important and recurring theme. For example, in the T-Mobile case study the European Works Council should have insisted on earlier consultation. The case was suggested to be a good example of why the European Works Council Directive needs to be revised;
- ◇ The decision of board level workers representatives in SHT Haustechnik to keep information confidential was discussed at length. It is clear that the absence of release of information by the Works Council may not have been strictly procedurally correct but providing such information to employee representatives would have resulted in the closure of the companies as customers defaulted on debts for supplies already received;
- ◇ The future for Austria lies in more, rather than less, codetermination;

- ◇ Pressures to reform the current social system with market related alternatives will result in certain groups receiving less attention than they do today e.g. old age care;
- ◇ We have to decide what society we want to live in –global competition and its effects are not inevitable;
- ◇ The initiative launched by the Vienna trade unions and the municipal council is a model example with high success rates and should be captured in the report;
- ◇ Austrian business could be better at lobbying for location and government better at offering incentives. There are some successes – Borealis located its HQ in Vienna and increased R&D employment in Linz;

Views of the European level Social Partners

Following the presentations, discussion and case studies, the European level social partners made the following broad observations;

- It is clear that the Austrian social partners at all levels need to become better at anticipation and early planning;
- Restructuring is not always about job losses, in the health and education sectors it is more often about organisational transformation. An important issue is how public service organisations keep employees engaged and motivated in times of major change;
- Early retirement as a restructuring tool has a time limit. Increased efforts have to be put into lifelong learning and internal employment flexibility;
- The solution to restructuring is not to protect jobs that will disappear but to manage job transitions more effectively for those negatively affected by change;
- The Austrian discussion has reinforced the relevance of the 2003 “orientations for change” conclusions;
- The labour foundation initiative explained in the cluster case study was very impressive and might be an idea that can be used elsewhere to address the problems faced by small companies and other groups of organisations with limited resources;
- There appears to be a gap between identifying problems and putting solutions into practice. The capacities to anticipate and to act both need to be reinforced. The social partners have to consider the balance between employee interests, consumer interests and company interests.

At the end of the meeting, the social partners were thanked for participation in the meeting and for their positive engagement in the process.

APPENDICES

1. Attendance list for the seminar;
2. "A macroeconomic review of restructuring in Austria" – Expert presentation;
3. "The role of the social partners in restructuring" - Expert presentation;
4. "Joint EU social partners work relevant to restructuring" - presentation by the European level social partners;
5. Case study presentations: SHT Haustechnik, Austrian Airlines, T-Mobile, OEGB, Clusterland.