

ARITAKE-WILD

Joint European Level Social Partners'
Work-programme
Joint Study on Restructuring in the EU

Improving the anticipation and management
of restructuring

... adding value through social
partner engagement

“Whatever the national framework for the management of change, we found that the active engagement of the social partners in the anticipation and management of change at all levels improved performance in the design of change management architecture and in restructuring practice”

SUMMARY OF THE PROCEEDINGS OF THE PROJECT FINAL SEMINAR held in
Brussels on
21st and 22nd January 2010

Prepared by Alan Wild
ARITAKE-WILD
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Project of the European Social Partners with the financial support of the European Commission

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DAY ONE – 21st January 2010		
0930 - 0945	A short introduction to the project – scope, objectives and approach	Steven D’Haeseleer (BUSINESSEUROPE) Joël Decaillon (ETUC)

Steven D’Haeseleer (BUSINESSEUROPE) opened the seminar by welcoming those present. He explained that the seminar marked the conclusion of a major project within the framework of the European Social Partners’ Integrated Programmes conducted with the support of the European Commission since 2003. The first phase of the integrated programmes had the objective of improving the functioning of autonomous social dialogue in the 2004 new entry Member States.

Since 2005 European social partners decided to enlarge the scope of their joint projects by undertaking the present study on restructuring to better understand the social and economic challenges of their affiliates. 26 national dossiers have now been concluded and a similar number of seminars held. At each event the national macroeconomic situation was reviewed; the role of the social partners in restructuring was examined against prevailing economic, institutional and legal frameworks; and case studies were reported and discussed.

Over the period of the project the economic and social landscape facing the countries involved has changed dramatically, starting against the background of EU enlargement in 2004 and ending in the midst of the global economic and financial crisis in 2009.

D’Haeseleer suggested that the project outcomes gave cause for serious reflection about the future of labour markets. They provide a useful source of reflection for the social partners at national and European level and numerous elements are relevant to the shaping of the EU 2020 strategy. He concluded by explaining that the next phase of the European Social Partners Integrated Programme comprised joint work on flexicurity and the impact of climate change on employment. He thanked the national social partners for their invaluable contribution in this project and looked forward to continuing cooperation with them into the future.

Joël Decaillon (ETUC) also welcomed those present and highlighted the availability of the 26 national dossiers covering restructuring practice in public and private enterprises in organisations of widely varying sizes through the trade union and employer resource centres.

He went on to identify three important issues for the social partners going forward. The current crisis was dominating people's current thoughts and actions with news emerging daily of its continuing impact. He stressed the need for regulation of financial markets and serious consideration of the issue of offshoring (delocalisation) during and after the crisis. Demographic change was mentioned as another important issue and he highlighted his concerns that future jobs were being lost through the early retirement of older workers and the offshoring of their work. These two issues combined to confirm that the EU needs a positive strategy for sustainable business in a climate where large company structures could be changed and reconstructed like "LEGO". Finally he outlined the challenges of climate change.

Decaillon echoed the project findings dealing with the need for better anticipation of change as a vehicle for improving the effectiveness of information and consultation processes. He warned however that this was extremely difficult to deliver. He went on to contemplate a future where economic growth in Europe may be around 1% whilst growth in China and Brazil was more like 9% and 5% respectively. He suggested that coordination, job sustainability through periods of demand shortfall by using short time working schemes, the effective management of personal transitions and improving the quality of jobs in small companies were important questions.

Decaillon suggested that the report offered a lot of material for consideration but cautioned against reaching over simplistic solutions in the face of the significant national differences highlighted throughout the project. Romania's problems could not be considered without an understanding of the nature and extent of informal working. Spain's industrial observatories were impressive operations, but the country's major problems today stemmed from speculative investments in financial and property markets. For him the three key themes coming from the project were the issues of anticipation, improving the effectiveness of information and consultation and the recognition that strong social partners were an essential part of the solution.

0945 - 1030	<p>Presentation of the expert synthesis report : <i>"Improving the anticipation and management of restructuring – adding value through social partner engagement"</i> Overview of the main project findings and key themes.</p>	Alan Wild – Project expert coordinator
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Alan Wild presented the main findings of the project synthesis report drawing attention to the "road map" for social partner engagement in restructuring that underpinned the subsequent design of the seminar agenda with its focus on seven issues;

- Anticipating change and developing a shared diagnosis and agenda;
- Assuring timely and relevant information and consultation;
- Managing job transitions;
- Preparing the workforce of the future;
- Small and micro-enterprises;
- Transformational change; which is particularly relevant in public services, and
- Restructuring, social dialogue and the crisis.

The detailed seminar agenda, attendance list and Wild's presentation materials are appended to this report.

SESSION ONE		
1100 - 1230	The role of social partners in anticipating change	Chair : Alan Wild – Project expert coordinator Panellists: Slavomir Adamczyk (Solidarnosc, Poland) Renate Hornung-Draus (BDA, Germany) Anu Sajaavara (EK, Finland) Bart Samyn (EMF)

The chair introduced the panellists and reflected that the introduction to the subject had already been covered in the opening presentation which highlighted the pivotal role of anticipation in improving the other three priority areas identified in the report - assuring timely and relevant information and consultation; managing job transitions; and preparing the workforce of the future.

Anu Sajaavara (EK, Finland) saw anticipation as a challenging task but saw a larger danger in failing to address the issue and the risk of being “caught with our mittens hanging”. She saw the key issues for the future as an ever increasing requirement for European companies to be competitive in the world; changing technology; the “greening” of work; and changing demographics. Against this background the challenges for the social partners were straightforward;

- Getting younger people into the labour market faster;
- Making “job interruptions” shorter; and
- Making working life longer.

Her feeling was that putting climate change onto the European social partners’ agenda was absolutely correct, if a little late. She believed that the current situation combining economic and social crises was challenging social dialogue. The social partners had a clear role to play and had some existing tools in flexicurity, active labour market policies and the inclusive labour market agreement. She felt that the issues raised in the report on “bouncebackability” from crisis merited further consideration. The focus for improvement longer term should be on Lifelong Learning, skills development and combining productivity improvement with improving workplace quality. She echoed the report in suggesting that the prime restructuring avoidance measure was improved productivity and competitiveness ... achieved through transformational silent restructuring. Despite this, the upcoming bargaining round in Finland was bound to be difficult and there was a danger of participants not facing up to the real current problem - “the elephant in the room”. Likewise, although recently the Finnish labour market had evolved to comprise more women than men – this did not mean that there was equality between the sexes in the workplace.

Speaking specifically about restructuring in Finland, she explained that steps had been taken to improve anticipation; the short time working system had been reinvented and they were working hard on skills anticipation. Other challenges were further work on the jobs and workplaces of the future and finding a more effective business voice in the education system. She concluded by reflecting that younger people had changing expectations from the world of work and encouraged enterprises to recognise this.

Bart Samyn (EMF) explained that EMF saw the anticipation agenda falling under two distinct headings – “training” and “restructuring”. The EMF see as a priority the development of a comprehensive industrial policy agenda to maintain manufacturing jobs in Europe and were critical of the priority devoted to this by the European Commission. On the training front, EMF had launched a campaign to put training onto the collective bargaining agenda. The question of anticipation of restructuring was a relatively new one for EMF member unions.

For many years the trade union role was seen to be a purely reactive one, with restructuring seen as a “management necessity” rather than an issue for trade unions. It was clear today that neither restructuring nor future training needs could be discussed without anticipation.

Samyn confirmed that training was a much easier issue for social dialogue than restructuring in its narrow sense. Since 2000, the trade unions and employers in the engineering sector had taken part in an informal social dialogue at the European level and training had been on the agenda. The focus of the work had been the collection of good practices. His view was that anticipation was simpler the closer to the company it took place. At the national sectoral and European level the issue was inevitably broader and more complex. A key need however was to facilitate the exchange of information across countries.

Examples of company level actions were offered. Recently EMF had signed a new and innovative agreement with the Thales Group. The company had agreed to set up individual training and career development discussions with every one of its 60,000 employees. Similar discussions had taken place with the company Areva. In discussions with Arcelor Mittal and Schneider, steps to improve anticipation had been separated from discussions of current restructuring needs in order to place talks on the subject into a more positive environment. In both companies improvements had been made in information and consultation practices, including at their European Works Councils (EWC). In Schneider a list of instruments had been prepared that could be considered in the event of restructuring taking place. In Arcelor Mittal a new European Social Dialogue group comprising management and unions will meet four times per year to discuss how the EWC is working and issues of common interest.

Renate Hornung-Draus (BDA, Germany) agreed that introducing the concept of change and its anticipation broadened the definition of restructuring that tended to prevail currently. She was pleased that the synthesis report highlighted the broad and diverse nature of change. Hornung-Draus outlined a series of major and predictable changes including demography, technology, globalisation and cross border international trade and climate change. She also talked about unpredictable crises, suggesting that it was entirely predictable that there would be more “economic shocks” that would arise in the future.

Starting with predictable change she outlined the challenges of aging suggesting that the old way of dealing with technological change by hiring young people and letting older workers go on early retirement was unsustainable both from a labour market and social security point of view. She went on to warn policy makers about the dangers of taking a narrow view of climate change by defining some jobs as “green” and others as “dirty”. How could it be, she asked, that a train driver was engaged in a green job, but the person making steel or railway rolling stock was engaged in a “dirty” job. Climate change called for a broad view of improvements in CO₂ emission reduction that involved all jobs. On unpredictability Hornung-Draus explained how the flexibility built into collective agreements in Germany has offered companies and workers coping mechanisms at times of unexpected change. She evidenced the 1.3m German workers currently on short time working schemes and the impact this had on controlling the rise in unemployment. She also cited less good examples outside Germany where workers had insisted on sticking to historic agreements that provided for cost increases that companies could simply not handle in the prevailing climate.

Having highlighted actions that had taken place in Germany, Hornung-Draus referred to the role that needed to be played at the European level, at the level of the G20 and at the international level between the International Organisation of Employers (IOE) and the ITUC in setting appropriate frameworks for balanced growth.

Slavomir Adamczyk (Solidarnosc, Poland) took the analogy between predictable and unpredictable events further by suggesting that events like earthquakes were predictable and some locations more at risk than others. It was only timing that was unpredictable.

Adamczyk described the early days of economic transition in Poland in the early 1990's explaining that the trade unions had been traumatised by events and found it very difficult to cope. By contrast today, change is continuous and its effects are seen throughout Europe. Living with change means anticipating it. He suggested that discussions at the European level were crucial if the Union was to develop a sustainable industrial strategy.

Adamczyk described the process of social dialogue in Poland as stronger in the tripartite form nationally and generally weak at the company level. Improvements had been made through the involvement of Polish workers in European Works Councils. In this environment some companies remained unaccustomed to systems of social dialogue and did not see the benefits of engagement. Changes in demography, technology and consumer demands will affect Poland equally, but the solution of dealing with changing skill needs through migration was not open to the country as a "net loser" of workers. Making the most of the existing population meant getting much better at Lifelong Learning and making it a habit. Good examples existed, including the Mayday project in the Shipyards, financed by EQUAL, where over-50's workers were used as a training resource for younger people. He also mentioned the importance of the territorial dimension for a well functioning labour market such as the Baltic area. He concluded by saying that the European level joint analysis of the labour market established a good starting point for the social partners at all levels to identify common issues and joint approaches.

Following the panellists' discussion, participants made the following general points;

- The "1989" date highlighted as marking a paradigm shift might include the beginning of the European social agenda which occurred at the same time as the economic, social and technological changes identified;
- The report described the main issues being faced but it would have been useful to focus on "how" many of the ideas could be picked up at the European level. Bart Samyn suggested that the Arcelor Mittal example can be adopted through a trickle down process but there may be a way of accelerating it. To complement this, Anu Sajaavara said the concept of individual competence plans had already been included in Finnish agreements and Renate Hornung-Draus highlighted the need for the modernisation of collective bargaining agreements so that they could reflect differing needs and circumstances.
- Comments were made on the relevance of flexicurity in today's circumstances and the constraints imposed on transitions by geographic differences in job availability. It was suggested that the flexicurity agenda was a wide and inclusive one including social protection, learning, employment law and active labour market policies that facilitated a variety of job transitions. It was not an easy concept and only worked in an atmosphere of mutual trust and only then when it was tailored to specific national circumstances;
- Transformational change in the UK National Health Service was highlighted as a good example of massive change involving a high level of social dialogue and without major job loss. It had taken a long time to persuade trade unions to engage openly in the process and commitments on job security had been given that resulted in their positive engagement. It was clear that there had been a tangible improvement in the health system in the UK as a result of the changes implemented. A similar restructuring of the civil service had taken place against a background of focus on internal mobility for those whose jobs had changed substantially;
- Finally, the issue of ensuring that school and university leavers met the standards required by the labour market was raised and explained to be a major problem facing the Romania economy.

SESSION TWO		
1400 - 1530	Social partners' experiences and practices towards a shared diagnosis and agenda	Chair : Antonio Dornelas – Project expert Panellists: Patrick Itschert (FSE:THC) Loes Van Embden Andres (VNO-NCW, Netherlands) Jaroslav Soucek (CEMKOS, Czech Republic) Emmanuel Jahan (CEEP, France)

Antonio Dornelas introduced the second session explaining that it was an opportunity to build on the previous discussion dealing with the anticipation of change. In opening the debate he highlighted three examples from the project synthesis report in three different countries and at three difference levels of social dialogue;

- The European Social Partners' joint labour market analysis of 2007 had been a major achievement outlining a social and economic analysis of the EU labour market, the challenges facing EU labour markets and suggesting actions in twelve policy areas. It had played a very important role in defining the common principles of flexicurity;
- In Spain eight industrial observatories had been established to review and make recommendations for improvements in the labour markets in the sector they covered. This was an innovative initiative in a country most typically viewed as having an essentially adversarial industrial relations system. It underlined the point made in the report that there were not “good and bad systems” just “good and bad experiences”;
- At the enterprise level Dornelas chose to highlight the merger and privatisation of a group of hospitals in Germany and the role played by a new collective bargaining agreement in securing the future sustainability of health provision in the region.

Dornelas asked the panellists to reflect on the tensions between short and long term; predictability and unpredictability; social dialogue vs. use of power; bipartite and tripartite forms of social dialogue; and the use of a common agenda in different sub systems of employee relations.

Loes Van Embden Andres (VNO-NCW, Netherlands) emphasised the difficulties in assuming the direct transferability of best practices between countries. She stressed however the general relevance of the over-riding theme of the project report as the development of a shared diagnosis and mutual understanding of labour market challenges.

She explained how the specific Dutch system worked identifying the need for the right structures to exist. Two institutions existed at the national level – the tripartite Social and Economic Committee (SEC) and the bipartite Labour Foundation. The SEC met every two years and developed advice for the government on medium and longer term questions in the areas of social, economic, labour market, commercial and financial policy. The policy advice was based on a thorough and jointly conducted analysis. The report of the SEC in turn affected the recommendations of the Labour Foundation. The Labour Foundation role was to indicate the questions it believed should be discussed in the sectoral collective bargaining committees and offered broad guidance on pay settlement levels. Examples of advice were to increase labour market participation to 80% (current EU average is 70%), and to increase the focus in restructuring on job transitions rather than compensation. According to the OECD the system performed an important coordinating role in a decentralised bargaining system. At the company level a continuous conversation took place in the works councils that existed in most companies. This ongoing dialogue led to better anticipation at the local level.

Van Embden Andres concluded by saying that structures, resources and institutions were vitally important, but a working atmosphere based on realism and cooperative attitudes was essential to success.

Jaroslav Soucek (CEMKOS, Czech Republic) echoed the earlier comments of Slavomir Adamczyk, saying that when the bipolar world collapsed the Czech Republic faced a particularly brutal form of capitalism. Having progressed through this period both socially, economically and in relationships between employers and trade unions, the Czech population was hit by the financial crisis. In the 1990's companies inherited obsolete capital equipment and the economy developed through a combination of hard work and foreign capital. In cases like the rebuilding of SKODA by VW companies had behaved very responsibly. In other cases the experience of change was less positive. In 2002 the Czech Republic social partners engaged in a twinning programme with their Danish counterparts and produced a schedule of 84 recommendations. To date the tripartite discussion group has done little with this.

Soucek stressed the need for a change in attitude in the current crisis suggesting that everyone needed "to pull on one rope". He explained that the recent years of 5% annual growth had not been used to build a cushion to deal with future difficulties. For this reasons, German style responses were not possible in the Czech Republic. Nonetheless, bipartite social dialogue in the Czech Republic had emerged and developed and much rests on its success.

Emmanuel Jahan (CEEP, France) talked about the need to establish the correct environment for constructive social dialogue. He cited in some detail the example of the merger of Air France and KLM where discussions around harmonisation were framed by a job security agreement over a three year period which could be extended for a further three years. In return employees agreed to accept job changes "within reason" to facilitate internal flexibility and workforce restructuring. In order to further anticipate internal change they created an internal trade observatory "Observatoire des métiers".

Patrick Itschert (FSE:THC) described the restructuring challenge faced by the textiles, clothing and leather industry associated with the ending of the "multi fibre agreement" with China announced in 1994 and which took effect in 2004. In view of the predictable challenges arising after the ending of the agreement, a social dialogue committee was established. Although most people predicted the complete destruction of the sector in 2005 a wholesale catastrophe was avoided because the social partners used the ten years they had to prepare. The social dialogue committee undertook a comprehensive analysis of the issues and came up with nine joint recommendations that contributed to the directional shifts made in the industry that have saved many jobs by specialising and focusing on value added products. There were of course huge job losses but also some examples of the success of anticipation. At the enterprise level, a French manufacturer took the initiative to open discussions on 600 job losses two years before they were due to take effect and as a result managed to find acceptable solutions for the company and the workers.

On the one hand, Itschert explained, we had to take care not to fight to hang on to untenable jobs. But on the other, the chase by companies for the kind of double digit growth and returns they could achieve in other countries was not a tenable objective. In this context Itschert explained that he was pessimistic about Europe's social model but there was a pressing need to engage the social partners in finding another way. He notably advocated for the development of a culture of anticipation and recommended to create trade observatories reminding that seven already exist for the textile sector in Europe.

A participant at the seminar raised the issue of unpredictable events and likened the situation to "civil protection programmes" designed to operate when inevitable disasters struck. It was suggested that a solidarity fund might be used to develop regional responses and involving the public authorities and social partners. This, it was suggested, was a particularly important issue when the problems faced by small and micro companies were considered.

Emmanuel Jahan suggested that a number of French companies had engaged in relatively sophisticated forms of scenario planning and reached agreements based on what “would” apply in certain circumstances rather than have to tackle the question in the teeth of the storm. This question was picked up with reference to the regional level and it was suggested that standing regional task teams be established where the right people were involved, working rules established and relationships built that enabled them to hit the ground running when they were needed.

Antonio Dornelas summarised the discussion with the following points;

- There would be no effective anticipation without specific and dedicated tools – goodwill was not enough;
- Where change took place across borders, different national patterns and frameworks could create frictions;
- In attracting FDI, the importance of the benefits of being inside the European Union should be sold to investors;
- There would always be a legitimate tension between the demand for short term returns and long term sustainability. Acknowledging this fact took the discussion a step further;
- The discussion had identified a number of existing observatories at varying levels and in a number of countries – yet little seemed to be done to share the knowledge gained.

SESSION THREE		
1600 - 1730	SMEs, restructuring and the social partners	Chair : Valeria Pulignano – Project expert Panellists: Vladimira Drbalova (SPCR, Czech Republic) Christian Janin (CFDT, France) Benne Van Popta (MKB, the Netherlands) Vincenzo la Corte (CGIL, Italy)

Valeria Pulignano briefly introduced the session dealing with small and micro enterprises by reflecting on the importance of SMEs to Europe’s economy, making up 99% of companies and employing more than a third of the European workforce. She noted the different sizes of small companies and the different ways they behaved. She stressed the impact felt by small companies with a strong dependency on the value chain of one, or a small number, of major clients.

Pulignano opened the panel discussion by raising the issues of absence of scale in business development, developing high quality management and dealing with change and the question of employment quality in small companies.

Vincenzo la Corte (CGIL, Italy) discussed the way that the current crisis was selecting survivors of all sizes and described the development of what he called “pocket sized multinationals” comprising a string of interlinked small businesses with production facilities in China. Looking at the issue of job quality, la Corte explained that in Italy national labour contracts set out the rights that applied to a whole sector and this had helped restructuring to take place in a more orderly manner. The long established system of short time working in Italy had been applied by manufacturing companies employing around a million workers in 2009. The system was extended to small companies with less than 15 employees only since 2009 and some 42,000 businesses employing between them 250,000 people took advantage of it.

As a consequence of the measures, although Italy had suffered one of the worst GDP falls in Europe it had seen one of the lowest rises in unemployment. In anticipating change in small companies la Corte reflected on the one hand on the need to secure “eco sustainable” manufacturing in Europe but also on dealing early with the likely plight of the many small companies in the vicinity of Venice.

In restructuring, la Corte described the tendency for large companies to terminate contracts with small suppliers before tackling their own workforce reductions leaving the enterprise with the least ability to cope with the majority of the problem. He also highlighted the fact that flexicurity agreements negotiated in larger companies have seriously reduced the SMEs flexibility when acting as subcontractors. Restructuring in small companies was not primarily an issue between a company and its employees but between supplier and contracting companies. At the same time that rights for workers were discussed, small businesses also needed help with the finance and debt management facilities that were essential to their survival.

Vladimira Drbalova (SPCR, Czech Republic) reinforced the suggestion in the project report that the distinction between old and new member states was no longer relevant. The Czech Republic had restructured through the 1990s and by the turn of the century had reach a level of social and economic development equivalent to the EU15. To date, institution building for social dialogue work on restructuring in the Czech Republic had focussed mainly on larger companies. Small businesses and their restructuring activities remained largely invisible. The dialogue that took place did so directly between owners and workers. The economic crisis had awakened interest in small businesses and their potential as engines of growth and work generation. The ability of the employers’ organisation to get closer to small businesses had been enhanced by the opening of regional offices which located staff closer to companies. In this sense policy development could move toward a “bottom up” approach. She accepted that lessons had to be learned involving looking more closely at sectors and regions, particularly those with high unemployment, making full use of the new observatories and devoting more internal attention to the needs of small businesses.

Christian Janin (CFDT, France) explained that in preparing this intervention he had reflected on the question posed by Joël Decaillon in his introductory remarks asking whether social dialogue had been thrown off course by the financial and economic crisis. In 2007 in France plans had been made to undertake a major study of SMEs. In the end the study had been limited to larger companies and much of the focus of the social partners had been at this level. There was little trade union engagement in small and micro companies in France and it had to be said the social partner and government policies were rather “amateur”. He referred to the situation of SMEs acting as subcontractors. . The crisis had however put a magnifying glass on the issue and discussions, as yet without results, had recently been set in motion.

Over the last 18 months the French social partner agenda had shifted from the management of skills and qualifications to dealing with companies whose order books had fallen by 70%. Nonetheless the conversation would have to come back to skills and future labour market needs. Small businesses working on mechanical engineering projects would need to switch to electrical engineering and to do this a vision of the future had to be built. The decision today (the day of the seminar) of Opel to close its operations in Antwerp was taken in Germany. Trade unions today needed to anticipate the consequences of decisions made outside their borders. Janin explained that in France some success had been achieved in dealing with restructuring affecting a number of companies in a geographic area by encouraging cooperation between companies and working to bring in new funds to establish competitive clusters.

Janin outlined three avenues that should be explored;

- The managers of small companies had to be helped to devise strategies to deal with an uncertain future;
- French SMEs needed to be encouraged to develop in the most promising niche areas, linked closely with innovation and university research departments and supported by public funds;
- Employers' groupings should be established to build critical mass so that small businesses could afford to share sales and marketing, energy and other specialist managerial functions.

Ways had to be found to re-think the way small businesses engaged in social dialogue at local level. Larger companies needed to consider the corporate social responsibility related impact of their decisions on small suppliers and accept that they have some responsibility as the "real decision makers" on the employment prospects of workers in their total value chain.

Benne Van Popta (MKB, the Netherlands) stressed three issues from his long experience of working with small businesses and the subsequent difficulties of making "one size fits all" statements. The first was recognising the importance but also the diversity of small companies. The second was creating the right macro-economic conditions for the development and growth of small companies depending on the national environment. The third was the provision of business support mechanisms to support business development, good management practice and effective change management. He went on to explain that everyone "knew" that small companies were important but were not really sure why. It was often felt that small companies were needed to pick up the problems left by big companies but it does not often work this way as they are the first victims of a value chain collapse. He insisted on the importance of employer's branch associations and sectoral collective agreements covering SMEs, which contain numerous provisions on training and adaptation to change as it exists in the Netherlands. Another key issue was the diversity in the size and nature of small businesses and to date this had not been well analysed. Virtually the only shared experience was that the owner took full responsibility for success and failure and frequently had little access to external funding to secure cash flow problems.

At the end of the session Alan Wild closed by reflecting on the structure of the day, explaining that most time had deliberately been devoted to the areas in the report where the social partners were on the least comfortable ground – the anticipation of change and the role of small businesses. In the event the open discussion on these areas in the plenary had been relatively limited, particularly on small businesses. More of the participants' attention had been focussed on areas of more relative comfort like skills building and the management of job transitions which had been scheduled for more detailed consideration on day two. He explained that this comment was not meant as criticism, but to draw attention to the need for all of us to deliberately take steps to move outside our normal comfort zones if we were address the issues emerging in the future in a balanced way.

DAY TWO – 22nd January 2010		
SESSION FOUR		
0900 - 1000	The role of the social partners in managing job transitions in times of crisis and beyond	Chair : Eckhard Voss – Project expert Panellists: Jørgen Rønne (DA, Denmark) Malgorzata Rusewicz (PKPP Lewiatan, Poland) Lotten Kagerman (IFMETALL, Sweden)

Eckhard Voss opened the fourth session of the seminar by explaining that the interest in mechanisms for delivering job-to-job transitions was growing throughout Europe. This, and other projects had identified very many different national approaches and the role of the social partners had varied by country but also at the national, sectoral, regional and enterprise levels. He posed the question whether the crisis had caused a permanent shift in the balance in the use of passive and active labour market policies.

Lotten Kagerman (IFMETALL, Sweden) found this section of the report interesting and from the Swedish perspective suggested that there were two important issues. First the requirement for sound information on which to base decisions. Second, ensuring workers understood labour market needs and their potential prospects so that they could respond positively. Whilst accepting that the subject could look complex and that there were few “direct fits” from country to country, she stressed that there were a number of “simple things” that could be done virtually everywhere and which she endeavoured to summarise;

- i) Trust and respect in engagement between all the parties engaged in the process;
- ii) People had to be encouraged to change and be given the new skill development opportunities to do so in a way that appealed to them;
- iii) The maintenance of worker self esteem throughout the process was crucial;
- iv) Personal coaching programmes to support the application of the outcomes of skills assessments worked;
- v) Special categories of worker (e.g. those with health problems) needed focussed help;
- vi) Timely information, that provided adequate time to deal properly with transitions, was required.

Specifically in Sweden an issue had arisen with the application of legal “last in first out” requirements. Whilst it had been mostly men whose direct jobs had been affected by change, the majority of involuntary leavers had been women with short service.

Malgorzata Rusewicz (PKPP Lewiatan, Poland) explained that not only had strong and responsible social partners played an important role in anti crisis labour market measures in Poland, the crisis itself had created a unique opportunity for the social partners to work on a consensus basis. An unemployment level of 20% in Poland in 2004 had reduced to just 8% by 2006 with employers facing hiring problems for skilled workers. In this context they began to engage with trade unions to deal with labour market mismatches and skill transitions. The agreed outcomes from a social partner’s project in this area were disappointingly largely ignored by government. Despite this, it was agreed that a scholarship programme to improve skills initially launched as a temporary initiative on a bipartite basis and managed by companies should be made more systematic and permanent. Rusewicz explained that more recently companies had begun to launch outplacement services in the event of change and European Social Fund money had now been sought for this purpose in order to “fast track” transitions.

One of the tensions in the crisis was the need for time, trust and understanding in circumstances where rapid action was the desired company approach. This called for strong and open communication and understanding between the parties to increase efficiency, build trust and reach solutions acceptable to all.

Jørgen Rønne (DA, Denmark) approached the question of transition management from a different angle. He suggested that it was human nature to view change with some anxiety and people were most comfortable when things did not change. However much the job with “one employer for life” may be desired, it was very unlikely to be the case for most people today. The challenge was therefore to encourage people to accept and embrace change.

Rønneest developed his argument that it was better to face unavoidable change than to fight it, citing villages in the UK where people still described themselves as “unemployed miners” when it was their fathers and grandfathers who were the affected workers when the mines were closed.

Rønneest suggested that people in Sweden with long service would never move from the security of long service with one company to the insecurity of short service with another and suggested two notions to encourage job-to-job transition. The first was that the most effective way to encourage a job move was to have successfully experienced a job change before. The second was for the social partners to work to remove the service based penalties involved in making unavoidable transitions and thus prevent losses in status, benefits and rights on job transfers.

A participant in the Danish - Czech twinning process explained why the Czech Republic had been unable to implement Danish style job transition schemes. He described how the communist era had prepared people to take a job at age 18 and continue to do it for the next 50 years. In these circumstances, government and the social partners had to work extremely hard to convince people of the need to change. Rønneest suggested that it would be wrong to try to do the impossible but to focus on underlying ideas that were transferable. He reflected that Denmark was a specific case where industrialisation had come very late to a nation of farmers who were inherently used to self sufficiency, risk based decisions and uncertainty.

A Romanian participant explained that the system of job loss compensation followed by topped up unemployment benefits for two years reinforced the tendency of workers to adopt two strong preferences. The first was long term work with a salary and benefits. The second was financial job loss compensation plus two years unemployment. The systems in place meant that job to job transitions were unwelcome.

SESSION FIVE		
1000 - 1100	Building together the workforce of tomorrow ... today.	Chair : Anna Kwiatkiewicz – Project expert Expert Presentation : Aviana Bulgarelli – Director CEDEFOP Panellists: Judit Czuglerne Ivany (MOSZ Hungary) Juan Menéndez-Valdés (CEOE, Spain) Charles Nolda (CEEP, UK)

Anna Kwiatkiewicz opened the session by introducing the Director of CEDEFOP, Aviana Bulgarelli, who presented new, fascinating and highly enlightening findings on the current make-up and future skills needs Europe’s workforce. Her presentation materials are attached to this report and readers are commended to them.

Kwiatkiewicz went on to introduce the panellists asking them to comment on three facets of the skills issue. First delivering appropriately qualified younger people from the education system; second, Lifelong Learning; and finally the use of migration to fill skills needs.

Juan Menéndez-Valdés (CEOE, Spain) stressed the importance of defining requirements for the education system and suggested that the Bologna process had offered a good opportunity to think about university teaching. At the level of general education transversal skills were becoming more important than specific disciplines. Crucially, individuals needed to leave the system having “learned how to learn”. For change to happen ownership was needed across all stakeholder communities and clear “win win” solutions developed.

Turning to Lifelong Learning, Menéndez-Valdés underlined the importance of skills anticipation at the sectoral level and to strengthen those aspects of learning systems that facilitated job transitions. Finally, there was a clear need to assure the validation of learning and qualifications and to open access to individual and tailor made solutions for workers.

On migration, Spain had a good record of attracting and assimilating migrant workers based on cooperation at different decision making levels.

Migration had been linked directly to market needs; decision makers on migration met regularly and migration schemes had to interact well with active labour market policies. Finally, the social partners had an important role to play in the integration and management of migrant workers.

Judit Czuglerne Ivany (MOSZ Hungary) admitted that Hungary was not the best example of practice in up-date qualifications and future workforce planning. In 2004, Hungarians believed that they were the best qualified people in Europe and it simply was not true. The system of education had not kept pace with technology nor met the challenges posed by a modern economy. Current wage systems got in the way of Lifelong Learning as older workers were far more expensive than the younger workers looking to enter the workforce. Looking at school leavers, schools and universities did not turn out young people with relevant specialisms. Regional employment variations emerging since the early 1990s had left generations in some areas that had never worked yet didn't consider training or relocation. It was clear that state education was underfinanced and the professional training systems that existed under the prior regime had almost disappeared in 1989.

Czuglerne Ivany explained that the social partners had launched a project to examine future skills needs and this was at the mid point. There remained weaknesses in Lifelong Learning which tended to focus on the "already unemployed", although there were new investments in this area. Finally she explained that migration had been a major issue for Hungary associated with a "brain drain" of already limited talent.

Charles Nolda (CEEP, UK/EFEE) reviewed the characteristics required from workers today. He listed literacy, numeracy and IT; a willingness and ability to learn new skills; social skills associated with team-working and customer service; tolerance and acceptance of diversity; a willingness to accept responsibility; and versatility. He suggested that attitudes were as important as knowledge and skills today.

He suggested that at times of rapid and accelerating change, education and training soon became out of date and in this context Lifelong Learning had to focus on two issues. First developing an attitude of "willingness to learn", second the skills needed which provided the "ability to learn". Disappointingly there had been some recent slippage in Lifelong Learning progress. Against a European target of 12.5%, an achievement of 11.6% in 2005 had slipped during the recession to just 9.5% in 2009.

A Latvian participant explained that the much needed work on future labour market needs was being undermined today by the approach of the IMF whose solution to the current crisis was based on short term financial management and, in particular, cuts in public spending.

1115 - 1130

A perspective from the European Commission

Armindo Silva,
European Commission
DG EMPL

Armindo Silva thanked the social partners for the invitation to participate in the concluding phase of what had been a long project and explained that the Commission valued the work that had been done.

Restructuring, he said, was one of the most important challenges facing Europe and the engagement of the social partners in the permanent process of change in products and services and skills was important. He also said that in the recent crisis, restructuring had produced more and more negative impacts with unemployment rising from 7% to 9% ... and set to increase to 11% in 2010.

Before turning to the report, Silva described future Commission actions and initiatives, saying that the crisis had uncovered poor enterprise practices in restructuring that should be responded to. He outlined that the changes in the recasting of the EWC Directive would result in stronger EWCs and better information and consultation. However, existing laws on information and consultation designed to assure anticipation of change and sound restructuring practices should be looked at again in order to assure that the rights they conferred were put into practice effectively. These laws were the 1998 Collective Redundancies and 2002 Information and Consultation Directives. The Commission was working on SMEs and training, the integration of women and young people into the labour market and mobility. It was also looking at improving the speed of response of the Globalisation Fund and the European Social Fund.

Silva accepted that restructuring was inevitable ... but the destruction of communities and villages through job losses without providing alternatives was not acceptable and needed to be addressed.

Turning to the project outcomes, he made the following points;

- The project contributed further to an increasing pool of knowledge on good practice and added to the Commission publication produced in 2009 and its associated check list;
- There was clearly common ground for future action and the "road map" for social partner engagement applicable any context was interesting and practical. He urged the social partners to continue working on it;
- Whilst sharing good practises was always valuable we also needed to reflect on how to learn from bad practices and consider additional measures to establish the principles to be followed and mechanisms to ensure their enforcement.

Finally Silva referred to the GM/Opel announcement made earlier in the day and stressed the importance of strong social dialogue. The Commission, he explained, would be following upcoming events and would expect GM to live up to its obligations.

In closing, Silva again welcomed the project and its findings and looked forward to future cooperation with the social partners.

SESSION SIX		
1130 - 1215	Future labour market challenges and the role of social dialogue	Chair : Alan Wild – Project expert coordinator Panellists: Andreas Henkel (WKÖ, Austria) Heidi Lougheed (IBEC, Ireland) Philippe Pochet (ETUI)

Alan Wild opened the session by using quotes from the panellists to illustrate key points that had arisen over the two days;

- “Don’t stand there with your mittens hanging”;
- “Take a broad view of climate change and work – don’t focus on identifying green jobs and dirty jobs”;
- “Anticipation calls for a shift from reaction to engagement”;
- “There are no longer any old and new member states”;
- “We have a multiplication of observatories but little sharing”;
- “You need practical institutions for building a shared diagnosis – and the relationships that enable you to use them”;
- “In looking at SMEs, companies need to consider the effects of change on their value chain”;
- “When things look complex – do the simple things”;
- “Securing ownership of the problem means developing win win solutions”;
- “In anticipation of change it is amazing the difference that facts make”.

He introduced the panellists and opened the floor for their general views on the seminar.

Heidi Lougheed (IBEC, Ireland) explained that in Ireland today it was difficult to concentrate on anything but the present. It really felt like being in the “eye of the storm”. In her view we were experiencing a genuine paradigm shift where something both dramatic and shocking was happening. She suggested that whatever happened, it would take time to heal the scars that had been caused and reminded those present that the Irish IMF crisis of the 1980s was still in peoples’ minds today.

SMEs in Ireland have received a major shock, and whilst economists refer to creative destruction – perhaps the current crisis would not be at all creative and would take a generation to recover from. She questioned what would happen to the size of the informal economy; whether people were losing trust in government and the social partners; whether we would lose the capacity to think long term; and how it would be possible to build skills for the future when no-one knew what the future held.

Andreas Henkel (WKÖ, Austria) indicated that he did not think future prospects were so gloomy, but did wonder how successful crisis responses had really been. He referred specifically to short time working schemes that only worked for large companies and the lack of support for SMEs. He shared the view that things in the future would never be the same. It was estimated that 50,000 Austrian industry jobs would not return and it was clear that very many of the construction jobs lost in Spain were gone for good. Henkel saw opportunities for job creation, at the lower end of the skill spectrum in services associated with demographic ageing, as well as a huge potential with climate change.

He placed a strong emphasis on the success of Lifelong Learning programmes. He concluded by saying that social partners will have a real future if they can tackle problems that politicians don't do.

Philippe Pochet (ETUI) explained that being the last in a long series of excellent panellists and experts was a difficult task and would reflect briefly on a few main themes;

- There was a clear consensus behind the need for more anticipation and we should perhaps give more serious thought to the things that prevent us doing this and address them;
- The number and frequency of crises was increasing and we needed to learn how to respond quickly and effectively;
- Could we contemplate a way of developing economically without such a heavy reliance on the banking system;
- If environmental change meant change in patterns of consumption did our overall economic objectives need to change;
- Changing demographics would mean a change in power relationships and preferences in terms of the quantity and quality of work that would impact on enterprise structures going forward.

1215 - 1300	Closing Plenary Comments	Chair: Alan Wild - Project expert coordinator Panellists: Philippe de Buck (BUSINESSEUROPE) Joël Decaillon (ETUC) Ralf Resch (CEEP) Andrea Benassi (UEAPME)
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Joël Decaillon (ETUC) referred to the announcement earlier in the day of the closure of the Opel plant in Antwerp saying that although social dialogue was at the heart of Belgian employee relations, the announcement had still come as a shock. The process of social dialogue was, he thought, in a very dangerous situation. The report had underlined the principles behind good social dialogue and emphasised the importance of strong social partners but it did not deal with the structural questions associated why things are not working as they should. Decaillon reinforced the point he had made in opening the seminar of the risk of demographic change facilitating employment offshoring. Reflecting on "green jobs", he said that Europe's wind farms were being stocked by windmills made of components produced in China. He suggested that in the current climate the upcoming flexicurity project would be a difficult one to manage.

Although the day's press talked of job losses in Belgium on the same page as massive bonuses in banking, he reinforced that the social partners needed to continue working together to improve anticipation and diagnosis and should perhaps work more closely with CEDEFOP. Finally he suggested that Copenhagen may be revealing about Europe's role in the world but nonetheless saw the need to engage in the coming changes.

Andrea Benassi (UEAPME) spoke of the crisis and emphasized that it was far from over for small businesses and made it clear that the term "silent restructuring" did not mean "restructuring without pain". He called for a strengthening of social dialogue at the regional level to provide support for small business. It was clear, he suggested, that much activity with small companies took place below the radar and although firms were closing we knew too little about it.

In the synthesis report produced for the seminar the Luxembourg case illustrated well the challenges faced by small companies and the lengths owners went to save their companies and the jobs in them.

Benassi suggested that there was a SME case with restructuring issue which showed that there was a clear need to look more closely at the subcontracting relationships in which around 50% of SMEs found themselves ... independent but not autonomous. Small companies needed a more stable macro-economic environment including better access to finance but also external support for better anticipating change and incentives to invest in training measures. Restructuring and change is a fact of life and will be a constant topic on Social partners' agenda, because social partners have a key role to play to negotiate adequate and innovative solutions to anticipate change.

Ralf Resch (CEEP) described his experience in the public transport sector in Berlin which had gradually reduced from 27,000 workers in 1993 to 10,500 ten years later providing the same quantity and a higher quality of services. This, he said, reflected a major exercise in anticipation and in the moderation of the effects of change. Against this background he was happy with the conclusions of the project and said that it reflected the beginning of a new phase of work not the closure of a study.

Resch stressed the mutual dependence of enterprises and services of general interest in a successful social market economy highlighting the key role of services like education, social protection provision and transport. These services also reflected a major segment of Europe's workforce in services that must be provided locally and could not be offshored.

He reflected on the discussions during the seminar on whether we had learned anything from the impact of the crisis. Some strong messages had been posted in the subject of education and training and the labour market. We had begun to understand the nature of silent, or transformational restructuring, and the need to pay more attention to encouraging the adoption of better anticipation processes to facilitate longer timescales for change. The danger was that as the effects of the crisis diminished, human behaviours would return to normal. Goldman Sachs had already declared their intention to pay \$16.2 billion in bonuses.

He closed by committing CEEP to disseminating and discussing the outcomes of the project as a basis for future action and encouraged others to do the same.

Philippe de Buck (BUSINESSEUROPE) was invited to close the seminar and underlined the achievement involved in completing such a long and complex exercise. He explained that his prepared speech had noted that this was a good time to release the results of the project. He also referred to the news today, just as others had done relating to the closure of Opel in Antwerp. Many people were talking of echoes of the closure of the Renault plant in Vilvoorde in March 1997 but for him there were important differences. First, no one expected the Vilvoorde announcement – everyone today expected restructuring announcements from GM. Second, the closure of Vilvoorde was associated with near-shoring of production to France – today's decision was associated with gross industry overcapacity in the context of demand collapse.

De Buck moved on to say that the economic agenda was fortunately not all about closures. In a rapidly changing world it was important that the issues of climate change, technological development and evolving demography be faced together. He was very positive about the general approach adopted by companies in the crisis to save as many jobs as possible through innovative short time working schemes and the adoption of flexible working practices. He also recognised that the headlines had mostly been about big company restructuring at a time when SMEs needed more consideration and support.

He concluded by saying;

- Restructuring was a dynamic process of adjustment that called for adaptation not confrontation;
- High quality and multi-level social dialogue was a key component in limiting the negative effects of change. Key success factors were mutual respect and an ability and willingness to understand each others problems;
- Flexicurity was a multi-faceted concept that needed to remain at the centre of the future agenda. Europeans had to be more open to change in the way that other parts of the world were, and recognise the social model as a source of strength if used well. As important as financiers or the Chinese are for European competitiveness, it is the availability of a workforce skilled enough to take advantage of opportunities that will be crucial.

With a solid social partners' work programme and a new Commission due in February, de Buck said that it was the time to work together on known future challenges.

In closing the seminar, Alan Wild thanked everyone present for their participation. He also acknowledged the 800 employer and trade union leaders that had participated in the overall exercise, the team of experts who had prepared the work, the European social partners and their coordinators - Cinzia Sechi and Matthew Higham, and the interpreters that had worked with the seminar today and in the totality of the project.

APPENDICES

1. Seminar agenda;
2. Seminar attendance list;
3. Presentation materials - *"Improving the anticipation and management of restructuring – adding value through social partner engagement"* Overview of the main project findings and key themes. Alan Wild;
4. Presentation materials – *"Building together the workforce of tomorrow and today"*. Aviana Bulgarelli – Director of CEDEFOP