EMCC case studies

Joint social partner structures and restructuring: Comparing national approaches

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Introduction

In the context of the current economic crisis and the almost daily announcements of internal restructuring and company closures leading to redundancies, the role of the social partners in the anticipation and management of change is becoming even more critical. Representatives of employers and trade unions at various levels have a key role to play in the management of change processes, which have been brought about by the financial crisis and subsequent economic crisis. At the most basic level, they are generally responsible for wage setting, which can have a significant balancing – or indeed destabilising – effect on the economy. Beyond that, in many countries, the social partners also reach more wide-ranging agreements at national (sectoral), regional or local level on important issues such as training, job security pacts or social measures to accompany restructuring.

In addition, the existence of largely formal tripartite structures in many Member States means that employer and trade union organisations also have a say in the design and implementation of policy measures aimed at revitalising the economy and the labour market. At European level, the social partners can similarly play an important role in formulating labour legislation, as well as being consulted on key policy decisions and taking autonomous actions. In an increasingly globalised business environment, European Works Councils also have an important role to play through the processes of information and consultation on planned changes in enterprises significantly affecting employment.

This report examines some of the ways in which the social partners have been involved in anticipating and managing change – namely, through their establishment or close participation in ‘transitional agencies’ and other structures set up to minimise the negative consequences of restructuring on employees, companies and the wider community. The report analyses the rationale for the development of such agencies, their actual role in restructuring situations, the particular role played by employer and trade union organisations within them and their key success factors. In the context of this report, a particular focus is placed on examples from Belgium and Sweden. Obviously, the practices described are set in very different national, and indeed regional, and sectoral contexts, and cover a wide variety of interventions; however, the common factor linking these diverse practices is the close involvement of the social partners in their inception and implementation. In addition to looking at practical operations from Belgium and Sweden involving the provision of advice and guidance for workers affected by redundancies, the report also discusses the role of the social partners in largely anticipatory actions, such as change observatories. Two such examples are given – from Italy and Spain.

Social partner approaches towards restructuring

This section outlines some of the reasons why the case studies were selected from these four very different countries. The primary reason concerns the traditions of social dialogue in the context of restructuring.

A common feature in both Spain and Sweden are the relatively rigid employment regulations. However, the tradition of social dialogue in these countries has produced markedly different outcomes regarding the social partners’ involvement in dealing with restructuring. In Spain, despite the numerous institutions that exist for social dialogue, the collaboration has not led to significant improvements in employment flexibility or effective management of change. It has been claimed that social dialogue in relation to restructuring in Spain has been purely focused on negotiations concerning the number of redundancies rather than on anticipatory considerations or even planning for a successful management of job transitions as the economy evolves.

The Swedish situation is rather different. The well established tradition and system of collaboration between the Swedish social partners has resulted in innovative practices and solutions for dealing with job losses. Particularly notable are the Job Security Councils, which are analysed more closely as part of this study. The Job Security Councils have been established by social partners on a bipartite basis to support employees and companies affected by restructuring. Based
on collective agreements, they were originally created to supplement various educational and retraining schemes organised and financed by the Public Employment Service (PES) to help unemployed people to find new jobs, as PES services were regarded as inadequate and ineffective to meet the requirements of white-collar workers. Since the mid 1970s, Job Security Councils have helped redundant employees to find new careers by offering career adjustment support – such as training or career counselling – and additional financial support complementing unemployment benefit payments. Currently, there are 14 different Job Security Councils in Sweden covering around two million employees (Bergström and Diedrich, 2006c). One of the largest of these councils in Sweden is the Trygghetsrådet (TRR, Council for Redundancy Support and Advice), which was the first council of its kind in the country. Today, TRR covers 32,000 companies with 700,000 employees, of whom nine out of 10 are white-collar workers (TRR, 2008).

In Spain, as the economy opens to competitive pressures and the country faces a recession, it has been recognised that its approach towards restructuring must change. Therefore, one of the most positive developments in Spain has been the agreement between the social partners to set up restructuring observatories in eight key economic sectors. The first observatories were established by a Social Dialogue Declaration (Declaracion para el Dialogo Social), a protocol signed in 2005 by the Spanish Ministry of Industry, Tourism and Trade (Ministerio de Industria Turismo y Comercio, MITYC) and the social partners. The mission of the observatories involves the following aims: to analyse the structural situation of the sectors from entrepreneurial, labour and technological perspectives; to produce information and recommend concrete measures to improve the sectors’ situation and its strategic perspectives; and to share the results obtained with the relevant actors (Dornelas and Wild, 2008). The observatories hope to become a relevant tool for a more proactive and structural approach to restructuring by encouraging a shared diagnosis of current problems and anticipation of future changes between social partners.

In Italy, social dialogue in restructuring situations is a central issue at enterprise and sectoral level, where the instruments used to handle redundancies are determined. In this respect, a unique element is the Italian integrated territorial approach based on the involvement of social partners and local authorities at regional or provincial level in handling restructuring. The Italian stakeholders, however, have clearly highlighted the need to extend and bring the discussions between the social partners forward in the restructuring process, along with the importance of improved information and consultation processes. For this reason, as with the Spanish case, the analysis focuses on recently established anticipatory measures in Italy. The example used is from the Italian textiles sector, where social partners in the Biella region in northwestern Italy used assistance from the European Social Fund (ESF) (Article 6) to establish a plan for the revitalisation of the ailing regional textile industry through social dialogue (O2K project).

The final case study – the Belgian case – is similar to the Swedish one as it focuses more on practical intervention measures following the announcement of redundancies, as opposed to the anticipatory nature of the initiatives recently launched by the social partners in Italy and Spain. The Belgian case offers another example of a transitional agency; such agencies have been founded to deal with potential and actual redundancy situations in countries such as Sweden (the Job Security Councils), along with Austria, France and Germany. In France, it is rare that larger-scale redundancy plans do not make provision for the implementation of a ‘professional reclassification unit’, which is used to help workers who have been made redundant to get back into employment. In Germany, ‘transfer companies’ play a similar role.

The Belgian (Wallonia) case is an example of a system involving the creation of individual, company-specific organisations to deal with large-scale redundancies. The country has extensive experience in operating accompanying measures for restructuring and a particularly intense collaboration between the PES and trade union organisations in this matter has been apparent. This report examines, in particular, the experience of the Reconversion Units, which were first introduced in Belgium’s Wallonia region in the late 1970s and are currently being introduced in other parts of the country. The temporary Reconversion Units function like miniature companies and are managed by associations consisting of representatives of the PES and social partners. The units are set up by the regional government following a request by the relevant trade unions together with Forem – the Walloon Community and Regional Vocational Training
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and Employment Office (Office communautaire et régional de la formation professionnelle et de l’emploi). They allow the PES to work closely with the trade unions to help, support and guide workers who have been made redundant into a new career and/or new employment. The units also play a role in ‘social coaching’ – an initiative that seeks to re-motivate workers and facilitate their adaptability and labour mobility. Moreover, the units encourage priority access to training for these individuals, especially for those who are considered to have lower chances of re-employment due to poor qualifications, age or other factors.

The following sections give an overview of the rationale, style of management and coordination, funding streams and role of each practice in restructuring situations. The report also discusses the impacts of each practice, key factors contributing to their success and lessons learnt. Although the report largely focuses on the examples of practical assistance to redundant workers, it will also draw on the experiences of social partner initiatives from Italy and Spain for the anticipation of change, as these are clearly critical in supplementing the more ‘hands on’ efforts and in providing strategic advice and foresight to potentially preempt restructuring situations.

Reasons for transitional practices

The rationale behind the development of transitional practices in Belgium and Sweden derived from declining economic and industrial conditions which had already begun to emerge a few decades ago. The anticipatory practices observed in Italy and Spain represent far more recent attempts to respond to a need to adopt a forward-looking planning of human resources and to foster a more active partnership between the social partners and other key stakeholders.

Both the Belgian and Swedish practices were first established in the 1970s following significant waves of industrial restructuring. In Belgium, heavy industry, which was the driving force behind the country’s economy, had progressively declined since the Second World War. Trade unions called for support for workers affected by factory closures, especially after the crisis in the coal, steel, textiles and automobile sectors, which led to a painful process of economic restructuring and offshoring of production to east European and Asian countries.

In Sweden, the first Job Security Councils were created in the context of the deteriorating economic conditions of the late 1960s and the massive job losses in the wake of the oil crisis in 1973 (Bergström and Diedrich, 2006c). At that time, the main role of managing the negative consequences of restructuring fell to the PES. With the help of government funds, the PES was responsible for delivering education and retraining schemes for workers affected by redundancies, although at the time it was increasingly criticised for not providing adequate support to unemployed white-collar workers. The criticisms later spread to their handling of support for blue-collar workers as well. Furthermore, the PES would rarely get involved in ongoing restructuring processes since their primary target group was unemployed workers – particularly those in or at risk of long-term unemployment – rather than those in the process of being affected by restructuring (ibid).

Legislative changes concerning employment protection have also played an important role in the development of transitional agencies in Belgium and Sweden. While Reconversion Units have provided retraining and other means of support for over 20 years, a special law of 8 August 1980 gave Belgian regions powers with regard to the placement of workers and re-employment programmes for unemployed jobseekers. This law, as well as the fallout from the closure of the Renault plant at Vilvoorde in Belgium’s Flemish region, strengthened the role of the regions in providing assistance in the management of restructuring. Moreover, a 2004 decree instituted a Reconversion Support Programme (Plan Appui Reconversion, PAR). In Wallonia, the programme’s resources were focused on supporting collective re-employment incentives and maintaining a social group between redundant workers through Reconversion Units. In contrast, the Flanders and Brussels-Capital (Bruxelles-Capitale) regions in Belgium have focused more on individualised support systems such as outplacement.
During the inception phase of Job Security Councils in Sweden, changes were also made to the country’s employment legislation, laying the foundation for a stronger culture of social dialogue and responsible restructuring. More specifically, the Employment Protection Act of 1974 stipulated that dismissals must be based on a just cause and employers must account for their economic and financial decisions resulting in redundancies. The act set mandatory minimum levels of protection, but at the same time left room for the provision of more advantageous conditions in collective agreements. Moreover, it contained provisions on notification periods and priority rules in the case of redundancy. Two years later, the Co-Determination Act of 1976 was passed, obliging employers bound by collective agreements to consult with the trade unions on all important changes in their organisations, including those affecting employment and terms and conditions. In 1993, legislation regulating the PES’s monopoly on the employment market was scrapped and numerous temporary work agencies, along with local and international transitional organisations, were allowed to enter the Swedish employment market. These organisations were in direct competition with the Job Security Councils, such as the TRR. Gradually, blue-collar workers gained access to their assistance, having previously relied mainly on the PES.

The Spanish Industrial Observatories (observatorios industrials) were conceived as active tools for the design and implementation of an industrial policy targeted at increasing the productivity of enterprises operating in Spain. Their philosophy is based on the positive role of social dialogue for identifying problems that limit productivity growth and on the social partners’ capability to socialise shared diagnosis and proposed measures to tackle the recognised shortcomings (Dornelas and Wild, 2008).

In Italy, the primary aim of the ESF Article 6 project – called ‘Open to Knowledge’ or ‘O2K’ – was to design an innovative development plan for the revitalisation of the textiles industrial cluster of Biella in northwestern Italy. Biella has long been characterised by a strong textiles industry, but from 2000 started to increasingly suffer as a result of growing competition from China and a trend towards casual clothing that ran against the traditional style of the Biella textiles industry. Furthermore, local production focused on fabrics rather than clothes as an end product, resulting in lower awareness of the changing needs of the end consumer. These market adaptations led to the closure of many local producers, which affected the entire regional economy.

Faced with these challenges, local authorities and the social partners established a local ‘cluster committee’ in 2000 which produced a strategic programme for the region in 2004. This programme emphasised the importance of foresight regarding industrial changes and the diversification of the textiles industry in Biella to focus more on end products and customer orientation.

At a later stage, with the Camera di Commercio Industria Artigianato Agricoltura di Biella (CCIAA, the Chamber of Commerce, Industry, Handicraft and Agriculture of Biella) as a leading organisation, the local stakeholders applied for ESF Article 6 programme funding for a project seeking to design an innovative development plan for the revitalisation of the textiles industry. Among the main goals of the project was to apply the social dialogue approach to the development of industrial and restructuring policies and to implement pilot actions for the development of local creativity and knowledge-based skills. In order to achieve these aims, O2K developed a social dialogue-based system for the ongoing monitoring of skills and resources in the area, as well as identifying policies to attract human capital and implementing pilot measures to stimulate the growth of local creativity and cultural skills.

1 The following information is based on Bergström and Diedrich, 2006c and Thorsson, 2007.

2 The European Social Fund Article 6 programme is supported by the European Community Programme for Employment and Social Solidarity (2007–2013). The seven-year programme targets all stakeholders capable of helping to shape the development of appropriate and effective employment and social legislation and policies across the 27 Member States of the EU, the countries of the European Free Trade Association (EFTA), and the EU candidate and pre-candidate countries.
Management structures

Although the Belgian and Swedish transitional agencies share the same goals, their management structures display clear differences. In Sweden, the social partners hold full autonomy of the Job Security Councils, whereas in Belgium the Reconversion Units are facilitated to a significant extent by the public sector, with important contributions from trade unions and employers. In fact, the Reconversion Units in Belgium are both delivered and overseen on a tripartite basis. Trade unions request the establishment of a unit, although the partnership is later extended to the other actors concerned. An association is then set up to manage and monitor the operation of each unit. Representatives of Forem, the company in question and the trade unions involved participate equally in this association. Although the Belgian Reconversion Units are not established on a permanent basis, like their Swedish counterparts, significant sectoral and geographical expertise is built up by the partners involved and the participation of Forem and the social partners in their management ensures a degree of ongoing learning and continuity. Moreover, the sharing of good practice takes place between different units, also facilitated by European funding.

In Sweden, the Job Security Councils are run and overseen by the social partners. The councils have to report to their supervisory board, on which seats are split equally between employer and employee representatives. The councils are not monitored by the state, although the government has commissioned some research to assess the effectiveness and successes of the Job Security Councils (Arbetsmarknadsdepartementet, 2002).

Both of the anticipatory measures – the O2K project in Italy and the sectoral observatories in Spain – have been managed on a tripartite basis. In Italy, this management took place at a local level and in Spain at a national level. In relation to the latter, the partnership of each observatory is composed of representatives of the public administration, the representative enterprises of each sector and the sectoral social partners.

Funding arrangements

The funding arrangements of the Swedish and Belgian transitional agencies also differ significantly. The Job Security Councils in Sweden are financed by companies in the same way as an insurance policy, while Belgium’s Reconversion Units are financed by public funds with some contributions from affected employers.

The budget for each Reconversion Unit in Wallonia is managed by the tripartite association set up to monitor the operation of the unit, including representatives of the PES, trade unions and the employer. According to estimates of Forem, the regional government covers the majority of the budget, ranging from 50% to 70% of the total amount. Co-financing from the European Union through Objective 1 or 3 or EQUAL programmes can cover up to 30% or 40% of the unit’s budget. Enterprises affected by redundancies tend to contribute up to about 20% of the budget if they have the possibility to do so. The cost of the Reconversion Unit approach ranges from €1,500 to €1,800 a year for each redundant worker.

The social partners do not contribute to the funding of Reconversion Units in Belgium. The salaries of former trade union representatives working in the units are paid by Forem through annual sub-contracting agreements signed between Forem and the trade unions involved. The employer contributions are made directly by the companies themselves rather than their representative organisations.

In relation to Sweden’s Job Security Councils, the activities of TRR, as an example, are financed through an annual premium amounting to 0.3% of a company’s payroll for employees covered by the agreement (Confederation of Swedish Enterprise, 2008). Companies that are not members of the Confederation of Swedish Enterprise but that have a separate affiliation to TRR pay a higher rate of 0.7% of this amount. In certain circumstances, local agreements can be drawn up,
which provide less comprehensive support but also lower payroll contributions – ranging from 0.3% to 0.18% for affiliated companies and from 0.7% to 0.58% for non-affiliated companies. In most companies, only salaried employees are covered, and usually the managing director, business owner and business owner’s spouse are not entitled to benefit from the career readjustment agreement.

In Italy and Spain, the social partners’ commitment to the funding of preventative measures is more limited. For example, the Spanish observatories are wholly state funded by the central government through the MITYC.

**Role in restructuring situations**

The objectives of the case study examples can be divided into two key types of measures: anticipatory measures and compensatory or corrective measures. Anticipatory measures seek to identify risk factors and intervene before the risk becomes a reality. In practice, this can involve, for example, retraining or upskilling measures that seek to enable employees who may be affected by restructuring in the future to become better prepared to secure a job in the company in areas less affected by job reductions or to find employment elsewhere. Compensatory or corrective measures, on the other hand, are taken after a redundancy has been announced to prepare workers for internal or external redeployment, either through upskilling or occupational reorientation into employment or self-employment. Such assistance also covers the psychological and social effects of redundancy.

Both the Swedish and Belgian approaches are strongly focused on providing support for workers already affected by restructuring – in other words, on the compensatory or corrective measures – and anticipatory measures are limited.

In the Swedish case, employees are often still employed by the company when they start to receive support from their affiliated Job Security Council, although the redundancies will already have been announced. In the Belgian case, Reconversion Units are primarily established after a decision to close a company or a plant has been taken, following a request from a trade union and preparatory meetings between the PES (Forem), workers and the management of the company in question. In the future, however, the units aim to introduce a working method based on anticipatory measures. This includes anticipation of restructuring and the introduction of training courses for workers employed in companies that are at risk of closure or that foresee redundancies as a last resort for survival.

In relation to the range of compensatory support available for workers, Belgium’s Reconversion Units are intended to be a place of conviviality and solidarity that workers can access at all times. For example, the workers can speak with Forem advisors, check job vacancies, use computers, follow training courses and meet with former colleagues. The units function on the basis of a collaboration between the career advisors of Forem and the ‘social advisors’ – former trade union delegates from companies that are undergoing restructuring or are facing closure. In this way, the Reconversion Units entrust a ‘social assistance’ mission to the trade union representatives from companies affected by restructuring. The presence of the union delegates guarantees the bond with the redundant employees and makes it possible to identify adequate accompanying measures for them. At the same time, the trade union representatives relay the needs of redundant workers for retraining or re-employment.

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3 Companies that are not members of the Confederation of Swedish Enterprise but that are bound by any other collective agreements with associations affiliated to *Privatjünstemannakartellen* (PTK, Council for Negotiation and Co-operation) can apply for individual membership to TRR.
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Individual plans are created through a number of meetings with Forem career advisors. Redundant workers are assisted in drawing up a professional training path believed to foster their professional mobility and increase their opportunities for finding a new job. The first step is an assessment of the worker’s skills and requirements. Each worker is asked to rate themselves according to four dimensions: awareness of themselves and of their professional aspirations; knowledge of their skills and competences; awareness of the tools and techniques that can be used for finding a new job; and their perception of possible psychological barriers, family concerns or health problems (European Commission, 2007b). The goal of this kind of assessment is to determine whether the worker is ready to find new employment or if they need some support from the unit to foster their professional reinsertion. If training needs are identified, the Forem career advisor, together with the beneficiary, will define a clear training path seeking to enhance the worker’s skills or, sometimes, to guide their re-employment in a new professional direction.

The Walloon PES has also participated in EU EQUAL projects, which were established to increase the effectiveness of Belgium’s Reconversion Units. The projects were run in collaboration with the main Belgian trade unions – the Fédération Générale du Travail de Belgique/Algemeen Belgisch Vakverbond (FGTB/ABVV, Belgian General Confederation of Labour) and the Confédération des syndicats chrétiens/Algemeen Christelijk Vakverbond (CSC/ACV, General Christian Trade Union) – along with the Centre of Sociology of Work, Employment and Training (TEF) of the Free University of Brussels, the Centre de formation textile (CEFRET, the training centre for the textiles sector composed of trade unions and employer organisations) and other partners such as the Centre d’Education Populaire André Genot (CEPAG, education centre), and the non-profit organisations SOS Depannage and Lire&Ecrire. These projects have had wide-reaching implications for the Belgian units and have helped to introduce new ways of working – including information sessions for beneficiaries and opportunities for ‘company shadowing’ (see box below).

New working methods

The EQUAL project Décrire la convertibilité (‘describing the convertibility’) has devised two interesting solutions to help redundant workers discover new career paths. This can be a real challenge for workers who have been employed in the same sector throughout their whole career.

Firstly, information sessions are organised for beneficiaries, at their request, within the Reconversion Units. Representatives from different industries – such as logistics, agriculture, temporary work and services – come to the unit and illustrate the activities, jobs and functions within these businesses, answering the questions of the participants.

Secondly, a simple, new method called ‘company shadowing’ has been introduced. The starting point of this practice is a detailed analysis of the industrial zone surrounding the unit. A number of questions are asked, for instance in relation to what types of enterprises are active within the zone, what these enterprises are doing, and what kinds of jobs these enterprises offer. This information is then shared with the beneficiaries. In addition, onsite visits are organised for those who are interested. In this way, the redundant workers have a chance to look more closely at new business activities, gaining a better insight into and discovering unknown professions.

In parallel to these activities, the Forem career advisors organise sessions with the workers to explain the transferability of their professional skills into other sectors.

In Sweden, the support measures offered by the Job Security Councils take several forms, including a supplementary redundancy payment Avgångersättingen (AGE), which is an additional benefit to general unemployment benefit in order to safeguard a certain level of income during a period of unemployment and transition. TRR aims to replace up to
70% of the previous salary, including the payment from the unemployment insurance fund. To be eligible for the support, the person needs to have worked for a company affiliated to the council for a certain number of years (TRR, 2008). According to individual rights stipulated by various job security agreements, financial support can be ensured through paid leave, job security income supplements, sponsorship enabling individuals to try out a new job to see if it suits both the employee and the employer, supplementary unemployment benefit, extended occupational health services, early retirement and pension benefits (Thorsson, 2007). The job security agreements can make provisions for the payment of the difference, where relevant, between the wage of the previous job and the wage of a new but lower paid job (Bergström and Diedrich, 2006c).

Common career readjustment measures for individuals affected by potential or actual redundancy include the following: personal guidance, advice and counselling, personal development activities individually or in groups, financial support for further education and training, support in finding new employment through the councils’ own channels or other routes, or support in starting a new business (Thorsson, 2007). At TRR, the guidance sessions start as soon as a person knows that they are going to be made redundant. While some clients may only need a few meetings with an advisor, the majority require a great deal of support as the transition may require a complete career change. Many people need a lot of time to reflect on their situation, competencies, interests and the possibilities to do something else. Others may need to complete their education or start all over again in a new profession.

The guidance offered by TRR can include information on labour market changes, including the programme ‘a new world of work’, advice on education and career choices, information on the value of personal networks, details of labour market and training possibilities both locally and globally, and coaching on job search processes, techniques for self-marketing and handling of job interviews. Individual action plans involve both short-term and long-term goals. The process is supported by training and work material complementing the advisors’ one-to-one sessions with the client. The material is flexible, can be tailored to different situations and needs and may also be used for group activities. Importantly, the support activities are accurately tailored to the needs of each individual, taking into account their qualifications, professional interests, as well as personal concerns. While the support measures are individualised, the same principles have been drawn up by TRR on the support process, as outlined in the box below.

### Principles of TRR support process

The following principles underpin the TRR support process:

- creating a structure and starting the work of job seeking;
- developing an insight into which competences can lead to new work;
- devising clear goals and knowledge about the relevant labour market;
- developing a good understanding of the most effective ways to seek work;
- staying with the client from start to finish, helping them to stay focused and encouraging the drive to change while job seeking.

Sources: TRR, 2008

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4 The rate usually declines after a certain period of unemployment, and for redundant employees whose previous salaries exceeded 20 times the base amount, the compensation threshold is limited to 25% (Confederation of Swedish Enterprise, 2008).
The relationship between the client and the Job Security Council advisor continues as long as the person remains as a client. In the case of TRR, this relationship can last for a maximum of five years or until the client has found a new career or chosen to discontinue their relationship with the council. A typical duration is six to eight months.

Anticipatory measures taken by Sweden’s Job Security Councils are more limited than their primary role in helping those affected by redundancy. Such measures include advice to companies that could be affected by restructuring in the future. As an example, TRR may offer to: explain the different options available to a company’s management for handling changes relating to a shortage of work; give advice on how best to handle the possible transition process; discuss the company’s situation; and provide training for managers and trade union representatives. Typical activities for employees at this stage include personal development and career planning sessions. The aim is to provide competence development activities for employees and thereby strengthen their competitive advantage in the labour market, irrespective of whether or not they remain employed at the company in question (Bergström and Diedrich, 2006a).

The services of Job Security Councils can also assist companies during expansion by helping them to find new staff. The councils’ nationwide coverage and partnerships with other companies or organisations in sectors implementing redundancies allow the councils to match redundant workers with job opportunities elsewhere.

In contrast to Belgium and Sweden, the approaches developed in Italy and Spain are currently almost entirely focused on anticipation or the planning of industrial – rather than employment – reconversion. Generally, the Spanish observatories play a fairly indirect role in restructuring through the provision of background information to policymakers. They undertake studies on specific areas of interest for each sector, with a view to aiding the management of change. Both quantitative and qualitative data allow for the analysis of productivity, occupational structure, technological stance and the commercial situation of each sector. Any subsequent recommendations are put forward by the observatory.

In the future, the observatories aim to adopt a more active role in the management of restructuring. In the textiles sector, the Observatory on ‘Sectoral policies and their impact on restructuring’ has initiated some progress in this area. In particular, it highlighted the need for greater cooperation in the sector and the development of a system to inform employers and workers of measures aimed at supporting the textiles sector.

A similar role in restructuring is undertaken in Italy, where O2K has developed a system for the ongoing monitoring of skills and resources in the area, as well as identifying policies to attract human capital and implementing pilot measures to stimulate the growth of local creativity and cultural skills within public and private bodies. The project also reinstated a council in the form of a social dialogue board to monitor the district’s ability to promote and capitalise on a more knowledge-based economy.

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5 The observatories conduct studies, gathering quantitative and qualitative information that allows situation analysis of productivity, the occupational structure, technological stance and commercial situation of each sector. In order to present the works of the observatories to the key actors of the sector, information days are organised annually and recommendations are then carried out by the observatory. Each of the eight observatories carries out three to five studies on specific issues of interest for each sector every year. The findings of the studies of each observatory are presented and discussed every year in one information/dissemination day for each observatory.
Results of the initiatives

The results and impact of the initiatives described vary between each country. Due to the indirect nature of recent practices in Italy and Spain, the results of their efforts have generally been of a more limited nature. Nevertheless, it is important to bear in mind that the efforts have undoubtedly increased awareness among the social partners of the need to develop proactive approaches. The more hands-on approaches seen in Belgium and Sweden have delivered an array of benefits to individuals affected by restructuring. In particular, the EQUAL funding in Belgium has been instrumental in achieving greater success for its Reconversion Units.

Looking at the results in more detail, on a case-by-case basis, it can be seen that the Belgian regional Reconversion Units have, for over 20 years, assisted thousands of workers made redundant from their jobs in the glass industry, aeronautics, textiles, metalworking, chemicals, energy, agriculture and construction sectors. According to Forem, experience shows that, on average, 80% of redundant workers seek help from Reconversion Units in Belgium. Out of those taking part in the accompanying measures, an average of 60% of them find a job within one year, and 70% to 75% within two years. The success rate depends on the composition of the group of redundant workers. For example, if the group made redundant consist of older women, the re-employment rates are lower.

In the past, the Reconversion Units were often criticised for being inefficient and lacking strategic planning. In other words, the units were seen as ad hoc measures, lacking the ability to anticipate developments and therefore coordinate their measures. However, two EQUAL projects have helped the units to become more recognised and mainstreamed, initially throughout the Wallonia region, and subsequently at federal level for the whole of Belgium. In this context, the EQUAL project Décrire la convertibilité has been working since 2002 to make the Reconversion Units an effective means of providing successful solutions to workers affected by redundancies. The initiative has helped to improve and perfect an existing tool, which was valuable in theory but not really effective in practice (European Commission, 2007b). The project manager argues that the Décrire project has enabled the conception of a clear definition of what a Reconversion Unit is – more specifically, its mandate, objectives, management and the role and functions of the key partners.

The first EQUAL Décrire la convertibilité project was also very active at the political level: in fact, one of its main achievements was the adoption, in January 2004, of a Decree by the Ministry of Wallonia concerning the Reconversion Support Plan (ibid). The decree states that workers affected by collective redundancies have the right to benefit from the coaching and support offered by Reconversion Units. More importantly, it also sets out the procedures for developing and running reconversion plans, which directly integrate the tools and guidance developed by the EQUAL project. Through this legal instrument, reconversion could be applied strategically and effectively on the ground. The adoption of this decree was the ultimate symbol of the Décrire project’s success, and instantly widened its impact to the whole Walloon region.

While the first Décrire project pushed for the adoption of a decree at regional level, Décrire la convertibilité also achieved a big step forward at federal level (European Commission, 2007b). In fact, in March 2006, the Belgian government introduced, in the framework of the ‘pact of solidarity between generations’, a law concerning the active management of restructuring, establishing the obligation for workers made redundant at the age of 45 years or over to be enrolled in ‘employment units’. The EQUAL project introduced a request to the Belgian government for Reconversion Units to be able to assume the role and functions stated in the law of March 2006. The federal government gave its reply in early December: the Reconversion Units active in Wallonia and institutionalised by the regional Decree of January 2004 now assume the support and assistance role for workers over 45 years who are laid off, as stated by the federal law on the active management of restructuring.
In relation to the Swedish situation, a government-appointed committee presented its report on the impact of Job Security Councils in July 2002 (Arbetsmarknadsdepartementet, 2002). The committee concluded that, in general, the councils have positive effects on individual workers and the state. Those affected by redundancy tend to receive support from their Job Security Council soon after receiving notice, and largely succeed in finding new employment or starting their own business. A relatively large proportion of workers proceed to further education. The committee also found that most of the former employees receive the same or higher pay in their new jobs. The risk of unemployment is reduced, as is the duration of unemployment when this occurs. Consequently, the financial effects of Job Security Councils are positive for the state, particularly as the cost of unemployment benefits and active labour market measures decrease when the services of Job Security Councils are used (EIRO, 2002). The committee also found that the councils have a positive impact on small companies, as the agreements provide access to important resources and skills.

Figure 1: Benefits of Swedish Job Security Councils

The largest private sector Job Security Council in Sweden, TRR, has supported 158,000 redundant employees from 20,000 affiliated companies during the last decade (TRR, 2008). Over 60,000 have received additional redundancy pay from TRR. According to TRR statistics, eight out of 10 persons looking for a new career have succeeded in doing so. More recent statistics, which focus on the shorter-term impact, reveal that more than two thirds of TRR clients have found new employment in an equal or better position than their previous role (ibid). Some 42% of these were 50 years of age or older, while 70% received the same or a higher salary in their new job. Most of these jobs were in small or medium-sized companies with fewer than 100 employees.

With regard to the satisfaction levels of former and current TRR clients, a satisfaction survey undertaken in 2007 by the external research organisation Sifo among 6,154 TRR clients revealed that a large majority (90%) of clients had either a very positive or positive overall impression of TRR (TRR, 2008). Nearly the same percentage of clients felt equally positive about the way that the advisors understood their situation. A somewhat smaller, albeit still significant, proportion of clients were equally happy with the performance of their advisor in helping to instil a more positive outlook about the future.

Three out of four managing directors in affiliated companies have found TRR useful in situations where their company has had to downsize. Surveys have found that they particularly appreciate the competences and skills of the TRR advisors who are considered to be easily accessible when their help is required; moreover, their function as a sounding-board for ideas has been welcomed. The managing directors have also come to realise the potential role and added value of advisors during periods of growth when recruitment is necessary.

Due to legislative changes, which now allow other outplacement companies to compete with TRR, a small but growing number of companies are choosing to terminate their contract with TRR and other agencies when it comes to the provision of support during restructuring. Other reasons for doing so may be that the company wishes to organise and
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administer the restructuring support on its own or in conjunction with the trade unions. The number of companies that have chosen to terminate their contracts with TRR is still very small, with about 50 of the affiliated 32,000 companies having done so (Bergström and Diedrich, 2006c). These companies were mainly small enterprises that have struggled to meet the cost of affiliation to the system.

Turning to Spain, the country’s Industrial Observatories have provided an important opportunity for the social partners to jointly review data on the challenges being faced by various sectors, as well as enabling them to agree on diagnoses of problems and to reach agreement on issues likely to be faced by the labour market in the future. These efforts constitute key building blocks if the social partners are to work together and with the government to produce appropriate policy solutions.

In Italy, according to the project representatives, the main result of the O2K project was the agreement among the key stakeholders – including manufacturing companies, its subcontractors and public administrations – on a common action plan to boost the attractiveness of the local textiles industry cluster. The project sought to develop skills and resources required to anticipate and manage change in this sector through a transition from a business culture centred on manufacturing to one focused on knowledge. The main challenges of this sector were the lack of new skills required in the knowledge economy and the region’s ability to attract new skills and resources from outside. Both problems demanded long-term, coordinated and sustainable solutions.

To respond to this situation, O2K developed a system for the ongoing monitoring of skills and resources in the area. At the same time, it identified policies to attract human capital and implemented pilot measures to stimulate the growth of local creativity and cultural skills within public and private bodies. The project also reinstated a council in the form of a social dialogue board to monitor the district’s ability to promote and capitalise on a more knowledge-based economy.

While some actions were more successful than others, the project’s measures widened the engagement of the social partners and extended their cooperation into new domains of action; the latter included the identification of skills shortages, practices and policies to attract and reinforce the labour supply, as well as collaborative and innovative solutions to the development of skills in the province. This involved the introduction of a scenario-based early warning system, which looked at critical knowledge-based skills and resources for the local industrial clusters and compared them with other European regions.

Despite the positive results of the O2K project, unemployment has continued to rise in the region and more textiles companies have closed down. Nonetheless, the project has contributed to the creation of better dialogue between Biella’s local authorities and the regional government of Piedmont. In fact, recently, the regional government of Piedmont issued a public tender for an ‘Innovation pool focused on Biella’, and the same local stakeholders together with some new partners from Biella have now responded to this tender.
Success factors

Role of personal advisors
The right partnership team is essential in any successful organisation. This philosophy also applies to transitional agencies. The Belgian case demonstrated that the close involvement of trade union representatives in Reconversion Units enhanced the success rate of the reconversion tools, since it facilitated closer proximity and better communication with beneficiaries. As many of the workers in the units were already trade union officials at the time of collective redundancies, they knew the affected workers very well. Due to this bond of trust already established, the counsellors acted as a ‘bridge’ between the beneficiaries and other members of the units’ team, particularly the career advisors of Forem.

One of the most striking features of the Swedish Job Security Councils is the seniority and expertise of the advisors who work directly with the people affected by restructuring. For example, the advisors of TRR know the marketplace, companies and type of assistance required by their clients, as they are usually recruited from private sector companies in which many have held human resource management or other leading posts. The advisors are often also recruited to deal with companies and/or sectors in which they have personal experience. Moreover, it is interesting to note that approximately a fifth of the advisors have run their own business, and almost all of them are educated to a university degree level. According to anecdotal evidence from the management of TRR and active advisors themselves, other unique features of the advisors include the following:

- their experience in dealing with key stakeholders, including trade unions, employers, management and clients facing transition;
- their dedication and ability to adopt a personal interest in the affiliated companies and their employees;
- their ability to create trust.

A good understanding of the local job market is also essential for the advisors of Job Security Councils. This is illustrated, for example, by the greater success rate of TRR in the north of Sweden than in the south, even though the labour market is less buoyant in the north. Such success is attributed to the greater strength of personal and professional networks held by TRR advisors in the smaller cities of northern Sweden.⁶

Effectiveness of decision-making in provision of support
Another key success factor for the Swedish Job Security Councils is the significant degree of freedom that their individual advisors have to choose the methods used to help redundant workers. The councils are characterised by a lack of stringent rules but with shared values. For example, the TRR advisors have a unique level of freedom to make immediate decisions, including offering financial support. Although the advisors are accountable for their results in each case, they have the freedom to choose the methods and services used. They can also combine the help and support given by other organisations, such as the PES.

Being a comparatively small organisation also makes it easier for agencies like TRR to act quickly, which is vital for a successful transition process. This is also helped by the fact that employers and trade unions can make decisions jointly without having to involve government authorities.

⁶ Evidence from Östersund – a town in central Sweden – suggests that over 60% of jobs are never advertised but filled through contacts such as networks of friends, neighbours and fellow club members.
Future of workers affected by redundancy at heart of activities
The work of the Swedish Job Security Councils is based on an important principle of highlighting the need to improve the abilities of redundant workers to search for a good job rather than to accept any job on offer. For example, one of the guiding principles of TRR states that: ‘Every client must be treated individually – it is his or her needs that must be fulfilled – not the needs of advisors’. While in the short term, individually targeted services are relatively costly, evidence from various labour market reports illustrates that, in the long term, exact targeting may increase the effectiveness of the service process and create savings.

Other important principles include the strong belief that while every individual can find a new opportunity in working life, a successful reorientation results from initiatives taken by the client. The role of the advisor is merely to offer advice and support. The same approach is adopted by the Belgian Reconversion Units. However, their job is often made more difficult by the fact that they deal with blue-collar workers in sectors that appear to be in terminal decline; therefore, a psychological as well as learning effort are required to allow workers to start thinking about the possibilities of starting a new career, often in very different sectors or occupations. As mentioned, the trust as well as the social support created by the units are critical in this regard.

Proximity of social partners to challenges and direct links with policymakers
Other key success factors include the proximity of the social partners to the difficulties facing their sectors and their direct link to policymakers – as illustrated in the setting up of the sectoral observatories in Spain, or in the regional ‘cluster’ activity in Italy. Attention is given to putting relevant recommendations forward to policymakers for future action, in the context of each study that is carried out.

Lessons learnt

Advantages of joint management by the social partners
The joint management structure brings various advantages for transitional agencies. In the case of TRR in Sweden, the joint management by social partners has led to stronger cooperation between the two parties, with the benefits also spreading to other areas of their work. As a result of joint management, TRR is regarded as an impartial support agency, which is important for the creation of trust at local level in restructuring situations.

Social partner involvement also fosters the promotion of the services of Sweden’s Job Security Councils among affiliated companies and their employees. Nonetheless, despite this close involvement, one of the weaknesses still associated with the Job Security Councils is inadequate knowledge of the councils and their services.

Cooperation between transitional agencies and PES
The role of transitional agencies in both Belgium and Sweden is seen as complementary to the PES activities and is not intended to replace their services. Therefore, a well-functioning cooperation between such agencies and the PES is essential.

However, in Sweden, it has been found that the availability of services both through Job Security Councils and the PES results in a certain ‘creaming-off effect’ (Bredgaard and Larsen, 2005). This means that the PES often ends up handling the most difficult cases, while the more competent and easily employable persons are taken care of by the Job Security Councils or other agencies (Bergström and Diedrich, 2006c).

In relation to collaboration between Sweden’s various Job Security Councils, such cooperation has thus far been minimal. Consequently, the potential benefits associated with exchanging good practice – for example, in methods to deal with redundant workers or in potential anticipatory methods – have not been explored. This is partly due to the
increased competition between transitional employment agencies. Indeed, this trend has made it more important for TRR and other councils to measure the outcomes of their activities and produce some tangible evidence on the value of their services. As one TRR manager outlined: ‘There is pressure on TRR to continuously deliver value-added increases, and that is good. I believe that we gain a lot from this… We always have to find value added, something that provides value added not only to the company that pays, but also to the clients who use the services’ (ibid).

In Belgium, the cooperation between the stakeholders of the Reconversion Units and the EQUAL partners from other European countries has proved fruitful for the country’s stakeholders. For instance, the Forem project manager of the Reconversion Units believes that the collaboration with EQUAL partners from other European countries has contributed positively to the dilemma of whether to strive to prolong the active working life of laid-off workers or to encourage their early retirement. Exchanges with other European partners highlighted for the Belgian stakeholders that other countries are more engaged in activities seeking to prolong the careers of redundant workers, while in Belgium the social plans are more inclined to support early retirement policies. After witnessing what occurs elsewhere and noting an increasingly strong policy pressure from the EU to lengthen the active working life, the Belgian actors have been encouraged to reconsider their approaches.

High participation
It is important to remember that it is not compulsory for workers to attend the activities of Belgium’s Reconversion Units. Despite this fact, the frequency of their visits is very high, and the units manage to attract the majority (80%) of laid-off workers to participate in their programmes. The high rate is attributable to the creation of the status of ‘laid-off worker’, which the units have managed to obtain for their beneficiaries. The status can be used for up to two years as proof that the person is actively seeking work. Beneficiaries are then offered a retraining contract, which covers their commuting expenses to travel to the unit; the units provide the training free of charge and offer participants the opportunity to socialise with former colleagues and also participate in other activities. Another ‘pull factor’ for the workers is that the Reconversion Units offer genuine understanding and support.

Early intervention
One of the lessons emerging from the four cases examined in this report is the importance, in the future, of combining more successfully the activities and processes of anticipation and industrial policy planning with measures aimed at managing change on the ground. The primary weakness of the Italian and Spanish cases is that they currently remain focused on the anticipation of industrial change, without providing direct and practical support to organisations facing changes based on the evidence gained on the strengths or weaknesses or their industrial cluster. The opposite is the case in the Belgian and Swedish examples, which are only beginning to become more involved in strategic planning and anticipation. In some cases, a reorientation of the goals and/or target groups of the actions being implemented is needed in order to guarantee a more holistic approach.

Anticipating change
The experiences of Italy and Spain show the importance of anticipating change. All case studies, to some extent, demonstrate certain shortcomings in relation to combining the process of anticipation with the provision of assistance in restructuring situations. A better coordination between both functions would clearly help to achieve more favourable outcomes.
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Other data sources

Interviews
Interviews were conducted with representatives of the following organisations:

- Forem;
- Spanish Ministry of Industry, Tourism and Communication;
- HermesLAB SRL;
- Camera di Commercio Industria Artigianato Agricoltura (CCIAA) di Biella;
- Trygghetsrådet (TRR).

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MIRE (Monitoring Innovative Restructuring in Europe) project, website: http://www.mire-restructuring.eu (in particular, summary and recommendations of project)
O2K, website: http://www.o2kproject.org (ESF Article 6 application form O2K was also referred to)
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GHK Consulting