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Effects of restructuring at regional level and approaches to dealing with the consequences



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Executive summary

Introduction

While restructuring and structural change are increasingly acknowledged as inherent characteristics of economic development and receive much policy attention at European and Member State level, the topic is rarely discussed from a regional perspective. However, most large-scale restructurings have effects on the regions and employment areas in which they take place. Specific information on the effects of restructuring at regional level and approaches to tackle its potential consequences for the local economy, labour market and society is scarce.

This report aims to help close the knowledge gap. Based on secondary data analysis, a literature review and five in-depth case studies, it identifies and discusses the effects of large-scale restructuring outside the firm undergoing restructuring. It also seeks to illustrate success stories of positive regional management directed towards maintaining and improving labour markets following an important restructuring event.

Policy context

Across Europe, policymakers acknowledge that the effects of restructuring can be strongly felt at regional level and that regional approaches to anticipate and manage change are required. The global economic and financial crisis has clearly shown that regions have been affected differently by the downturn, and it is assumed that this will influence structural developments and medium- to long-term competitiveness.

For some years, both the European Commission as well as several national governments have fostered multistakeholder approaches to local economic and employment development. In most cases, these take a strategic, anticipatory approach. In contrast, joint regional initiatives to deal with the management of restructuring and cope with its effects seem not to be as high on the policy agenda.

Key findings

The crisis and post-crisis period (2008–2013) has led to a sharp divergence in labour market performance across the EU; most of this divergence is attributable to national rather than regional factors.

Based on restructuring data from the European Restructuring Monitor (2002–2013), the highest level of large-scale restructuring intensity was observed in the central and eastern European Member States, in particular the Czech Republic, Poland, Romania and Slovakia. There has been a net positive outcome in large-scale restructuring cases in these countries, which have benefited from an extensive existing industrial infrastructure and the transfer of productive activities from facilities in western Europe with higher labour costs.

While the shift to services is the main structural change in all EU Member States and regions in the long term, over the relatively short term of the crisis and post-crisis period predominantly cyclical developments in specific sectors (notably construction but also retail) have been the key determinants of diverging national and regional labour market performance. The regions in which the sectoral composition of employment has changed the most since the crisis tend to be in the countries where a real estate boom and bust resulted in more than half of construction sector jobs being destroyed – for example, Ireland and Spain.

The case studies show that regional and local actors have succeeded in establishing sets of measures to cushion the effects of restructuring on the regional economy and labour market. In general, the regional approaches are a combination of interventions in various policy fields, with different strategic orientations; hence the individual measures

vary as regards their content and target group. In most cases, they constitute a comprehensive package of emergency/short-term measures to tackle the immediate effects and strategic/long-term instruments to ensure the regional economy's long-term sustainability and competitiveness.

The short-term measures seem to focus more on employees and the labour market: for example, supporting job search, temporary redeployment to other regional companies, internships, public works and employment subsidies. The long-term measures are targeted more at businesses and the economy: identifying regional growth potential, promoting entrepreneurship in these areas, and supporting research and development (R&D) and innovation.

These initiatives are designed and implemented in a multistakeholder approach. The national government often plays a strategic role involving the design and coordination of activities, as well as the provision of finance. The regional and local actors (government, public employment service, social partners, the restructuring company and service providers) are more operationally oriented, implementing measures for particular target groups.

The case study evidence shows that the net job loss in the employment area was considerably lower than the actual job cuts in restructuring companies, as the redundant employees moved to other employers, became self-employed or entered pre-retirement.

From an economic perspective, regional effects seem to be stronger the closer the business relationships and the less diversified the regional economy. Nevertheless, all restructurings have significant effects on the restructuring companies' suppliers, notably small and medium-sized enterprises (SMEs), requiring them to search for alternative business or bear the consequences of the restructuring (such as accepting cost pressure, meeting pre-financing needs or adjusting delivery lot sizes).

Effects on the regional society are difficult to attribute to a single restructuring event, but both the case studies from this project as well as the available literature point towards the potential for social polarisation in the employment area.

The following success factors for regional approaches were identified:

- openness towards change, not only as regards the restructuring, but also in terms of institutional settings and political strategies;
- commitment and active engagement of all relevant regional and local stakeholders;
- an integrated strategic approach comprising various policy fields, orientations and target groups, and quick and efficient implementation (including coordination);
- sustainable funding;
- awareness of developments outside the region.

Policy pointers

- Pre-established cooperation of regional actors supports the success of regional approaches to tackle restructuring. This can be encouraged by fostering a common ‘regional spirit’ through a joint vision, networking and exchange.
- An integrated strategic approach needs active and coordinated multistakeholder involvement and consideration of both long-term and short-term measures tailored to the specific characteristics of the region, as well as coverage of various policy fields and target groups.
- Since delays in interventions hamper their effectiveness, a system to continuously monitor regional developments should be established. In addition, regional-level actors should have sufficient autonomy as well as competencies to make decisions.
- To ensure sustainable funding, multiple sourcing should be applied and systematic evaluations should continuously assess the effectiveness of the use of the invested funds.
- As a generally ‘healthy’ economic and labour market structure can contribute to cushioning the effects of large-scale restructuring, a balance between regional specialisation and diversification needs to be found. The specific situation of SMEs and of those with a more disadvantaged position in the labour market need to be considered.

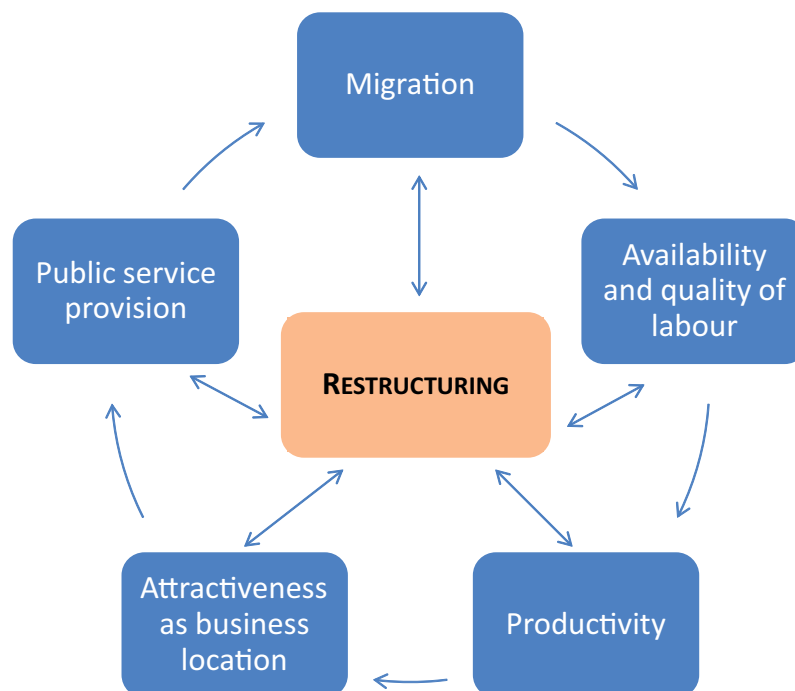
Project background and objectives

Structural change is an inherent characteristic of economic development, driven by national and international economic, societal and environmental developments. The restructuring of sectors and enterprises is attracting attention below the macro or national level and is seen as an active process initiated by employers. Even if not all restructuring has negative employment effects (for example, when it involves business expansion or internal reorganisation without any change in staff numbers), it is widely perceived as incurring job loss. As a result, it generates public concern (Eurofound, 2006), and not only since the global economic and financial crisis. Consequently, restructuring is high on the political agenda in Member States and at European level, and governments as well as social partners now offer support to employers and employees in order to anticipate and manage the changes it entails (Eurofound, 2011).

Due to interrelationships among companies and the way they are embedded in the local environment, most large-scale restructuring events have implications that reach beyond the individual firm and its employees. These may affect not only other regional companies with which they do business, but also the wider labour market and the living and social conditions in the area. The initial restructuring may be the impetus for a variety of regional developments that influence each other, resulting in a ‘reinforcing circle’ of labour market, economic and societal effects in the region (Figure 1) (Eurofound, 2007). Large-scale restructurings, particularly events such as substantial business expansions or plant closures, can affect the regional business structure, as local companies are often deeply embedded in the restructuring firm’s supply chain and hence are affected due to their dependency on the firm.

When an important market player undergoes restructuring, it can also affect the attractiveness of the area as a business location. A business expansion, for example, might act as an incentive to potential suppliers to relocate to the region to be closer to the market, while in the case of plant closure, the region might become less attractive due to a lack of demand. This can have an impact on the provision of services such as roads, public transport, childcare facilities, health and education, and leisure and recreational opportunities due to changes in tax income.

Figure 1: ‘Reinforcing circle’ of labour market, economic and societal regional developments caused by large-scale restructuring



Source: Eurofound (based on Eurofound, 2007)

As a result, the region's living conditions may be affected. Better provision of public services might result in the region being perceived as a good place to live, triggering inward migration, while a decrease in public infrastructure might lead to deteriorating living conditions, causing outward migration. Changes in population influence labour supply, particularly as regards better-educated and younger people. This in turn affects labour productivity and, consequently, the attractiveness of the region for companies to settle there.

As an illustration, in the context of the global economic and financial crisis, it has been observed that the rise in unemployment was highly concentrated in specific regions, and it is assumed that this will result in structural unemployment, as outward migration of more mobile labour (generally the better-skilled workers) reduces the quality of the regional labour market and in turn decreases the competitiveness of the region (OECD, 2011). It has been concluded that national and regional policies tailored to local needs are needed rather than one-size-fits-all approaches. Decentralised policies are deemed more successful, as information about local conditions is decisive for the effectiveness of programmes concerned with skills matching, training, employment subsidies and so on. In addition, the opportunity to 'learn by doing' through engagement of various public and private actors is advantageous.

However, from a more general perspective, not limited to the effects of the recession, the impacts of large-scale restructurings beyond individual firms and their employees have received little attention so far. Knock-on or spill-over effects on other companies along the value chain have partly been examined, for example as regards business clusters or industrial districts, while the outcome for the region (including its inhabitants and public services) has hardly been researched. Similarly, research on local or regional economic and labour market policies deals with structural change rather than with restructuring,¹ in spite of some awareness at European level that 'the impact of restructuring is most directly felt at regional level' and the European Commission's ambition to 'propose a comprehensive approach to anticipating and facilitating industrial change at regional level' (European Commission, 2014, p. 17). As a consequence, information about the overall effects of restructuring as well as the approaches taken at regional level to ensure a positive outcome for the region is rather limited. Taking into account the above-mentioned need for tailor-made local initiatives to support restructuring and structural change in the best possible way, this project aims to contribute to the provision of information on this topic for better-informed policy development.

Having established the **European Monitoring Centre on Change** (EMCC) more than a decade ago, Eurofound has a wide range of expertise in the field of structural change and restructuring. However, most of this deals with macroeconomic (national or sectoral level) or microeconomic (firm level) perspectives, while considerations of the regional level have so far generally been omitted. As a consequence, this research project to investigate the effects of restructuring at regional level and approaches to dealing with the consequences was launched in mid-2013. Its aim is to identify the outcome of large-scale restructuring beyond the bounds of the firm undergoing the restructuring, and to illustrate success stories of positive regional management aimed at maintaining and improving the labour markets and living conditions following a significant restructuring event.

Project methodology and report structure

Against this background and objectives, the starting point of the project was an analysis of European-wide secondary data, from the European Union Labour Force Survey (EU-LFS) and the European Restructuring Monitor (ERM), to identify the (clusters of) European regions with the highest degree of structural change in terms of labour market and economic structure, and to present their main characteristics and developments. This is summarised in Chapter 1 (more detailed data can be found in Annex 2).

¹ See, for example, the discussion of Objective 2 regions or the European Regional Development Fund in European Commission, 2012a.

Chapters 2, 3 and 4 are based on a combination of a literature review and qualitative case studies carried out for this project. As mentioned already, the issue of restructuring effects that go beyond the individual firms and their employees has received little research attention. Consequently, literature specifically dealing with this topic is almost non-existent. Nevertheless, there is a comparatively wide range of publications dealing with more general analyses of local economic and employment development or regional restructuring in terms of sectoral shifts. These have been screened and included in this report as ‘proxy information’ where suitable.

The main information presented in the report, however, stems from five case studies of large-scale restructurings across Europe, involving Airbus and about 300 small and medium-sized enterprises (SMEs) (Hamburg, Germany); Arc International (Saint-Omer, France); Prato Textile Industrial District (Tuscany, Italy); Saab Automobile (Trollhättan, Sweden); and Mura (Pomurje, Slovenia). The case studies were conducted between autumn 2013 and spring 2014 by a European research team (see Annex 1) under the coordination of Wilke, Maack and Partner. A profile of the cases can be found in Chapter 2. The entry point for inclusion was that it involved large-scale company restructuring. However, in contrast to other restructuring case studies, the scope of the individual cases for this project goes beyond the description of the firm-level event by also providing information on:

- the framework conditions surrounding the restructuring;
- estimated effects of the restructuring on regional businesses and the regional labour market;
- public, social-partner-based and private initiatives to deal with the consequences of restructuring at regional level;
- good practice in such initiatives.

Throughout the report, ‘restructuring’ is understood as an important change in a firm or group of firms related to one or a combination of the following events:

- bankruptcy or closure – when a business is closed or goes bankrupt for economic reasons, or if there is the threat of either but it can be prevented;
- business expansion – when a company extends its business activities (for example, insourcing, development of new products or services, or addressing new markets or client groups, including internationalisation);
- merger and acquisition – when two companies merge or one company buys another;
- offshoring or delocalisation – when the activity is relocated or outsourced outside of the country’s borders;
- outsourcing – when the activity is subcontracted to another company within the same country;
- relocation – when the activity stays within the same company, but is relocated to another location within the same country;
- internal restructuring – when the company undertakes a reorganisation that is not covered by another type of restructuring defined above.

The list shows that restructuring is not necessarily a negative event resulting in job losses. Events resulting in significant job creation are included if they have considerable effects on the region.

While it is acknowledged that a restructuring ‘event’ actually relates to a process that sometimes spreads over several years, continuous, small adjustments of the enterprise to changed business environments are not understood as restructuring in this project. As it is assumed that it takes some time for the regional effects of restructuring to materialise, Eurofound analysed only restructuring events that have happened (or at least started) several years ago.

While the data analysis in Chapter 1 describes trends at NUTS (Nomenclature of Territorial Units for Statistics) level 2, the regions analysed in the case studies do not necessarily relate to administrative definitions. Rather, areas that are coherent economic and labour market areas are considered.

Chapter 2 describes the main characteristics of large-scale restructurings in terms of the background to the restructuring and the processes followed in planning and managing the event. It should be mentioned that the recent EU Quality Framework for anticipation of change and restructuring (QFR) outlines certain principles and good practices to be followed by employees and their representatives, companies, public authorities and social partners in restructuring in order to contribute to firms’ competitiveness and workers’ employability (see Annex 4), while at the same time mitigating associated expenses (including social costs) (European Commission, 2013). While not aimed at being a systematic review of whether these principles have been applied in the case studies, Chapter 2 presents some examples of how they are being implemented in practice. The contribution of individual employees to the anticipation and management of change is omitted, as covering this would have gone beyond the scope of the project.

Due to the nature of the case study and the applied methodology, the information on the anticipation of the restructuring is weaker than that related to the management of change. On the one hand, the study focuses on cases that did not start recently, the upshot of which is that the people involved in the anticipation phase are no longer active in their position and hence could not be approached. On the other hand, there is a certain interview bias towards presentations of plans and preparatory activities that are too positive.

Chapter 3 summarises the main effects of the restructurings on the regional economy, labour market and society. In Chapter 4, the regional approaches to cope with the potential negative effects of large-scale restructuring on the region are discussed. One of the selection criteria for the case studies was the existence of a set of regional initiatives aimed at tackling the potential negative economic, labour market and social effects of the restructuring, and that these approaches were characterised by at least some of the elements that are deemed to be good practice, as defined in the box below.

Elements of good practice in regional approaches tackling potential negative effects of large-scale restructuring

1. Integrated strategic approach to regional transformation:
 - a. combination of measures from different policy fields, going beyond the immediate effects of the restructuring event and aiming at regional redevelopment and a sustainable future development of the region;
 - b. consideration of the specific regional characteristics – longer-term economic and labour market characteristics, including economic structure such as sectors and company size and workers’ age and skills;
 - c. extending beyond job transition to avoid crowding-out effects and preparing people for new jobs and skills, supporting occupational and geographic mobility.
2. Multistakeholder involvement and social dialogue: active involvement and ownership or commitment of all relevant actors throughout the whole process, and good coordination among them, based on trust and transparency.

3. Efficient implementation of measures:
 - a. clear and identifiable objectives;
 - b. highly visible and well communicated to the target group;
 - c. delivery mechanisms and contents suitable for the target group;
 - d. sustainable funding, resource efficiency and cost–benefit effectiveness.
4. Effectiveness of measures:
 - a. systematic and objective monitoring and evaluation, resulting in recommendations for adjustments or follow-up activities that are implemented;
 - b. achievement of benefits or value added for the affected stakeholders (businesses, workers, inhabitants) and the region (including groups of affected stakeholders that would not have been supported otherwise, for example as they are not immediately affected).

The final chapter summarises the conclusions and lessons learned from this research, as well as providing some policy pointers for improvement of the restructuring environment.

Restructuring in European regions: 1 A statistical overview

Introduction

The post-crisis period has seen growing variations in labour market performance across the EU. Unemployment rates in early 2014 ranged from 5% in Austria and Germany to 27% in Greece and Spain. Most of this variation has been at a national rather than regional level. For example, nearly all Spanish regions have suffered sharp increases in unemployment since 2008, while labour market indicators have improved across the board in German regions. This is a reflection of the strong divergence within Europe of labour market and broad economic trajectories in the aftermath of the global financial crisis and ensuing sovereign debt crisis.

Nonetheless, variation in labour market performance persists in Europe at the regional level too. Two general patterns are apparent. The first is the coexistence within the same country of rich, high-employment zones with regions that have lower gross domestic product (GDP) per head and low employment; the prosperous regions of Lombardy and Piedmont in Italy, for example, contrast with the poorer regions of Calabria and Campania; similarly, in Spain, Andalucía economically lags behind the Madrid region, Catalonia or the Basque region. The second pattern is a sharpening metropolitan–regional divide, where an increasing share of economic activity and national employment is concentrated in major cities, often capital cities. For example, London, Paris, Dublin, Riga and Prague (and their hinterlands) account for a significant and growing share of national output within their Member States.

Sector specialisation, the demographic and skill profile of regional populations, and international and interregional mobility of labour and capital all influence levels of economic and labour market dynamism. These factors differ by region in line with geography, resources and a host of historical path-dependencies. Formerly prosperous industrial regions such as Wallonia in Belgium or the Midlands in the UK thrived in the 19th century based on local access to coal and iron ore. In a post-industrial world, they have ceded their position to regions where economic activity is more knowledge-oriented and less resource-focused (such as London and Flanders).

Globalisation may sharpen some of the drivers of difference mentioned above. Increased trade may lead to agglomeration effects, further concentrating the production of goods and services in regions already specialised in them. This is one of the predictions of the ‘new economic geography’ (Krugman, 1998).

One important dimension of agglomeration relates to the power of certain regions to attract human as well as financial capital. Better-educated workers tend to be more mobile. Their qualifications open up opportunities (Machin et al, 2008) that may make moving to a different region or country to take up work worthwhile. Marrocu and Paci (2013) investigated the association at EU regional level between one particular type of educated worker – the so-called ‘creative graduates’ – and productivity growth. They concluded that the share of creative graduates (defined as workers in ISCO occupational categories 21, 22, 23, 243 and 244; for example, engineering, health, education, (social) science and information professionals) is one crucial determinant of regional growth and that the ‘growth-enhancing effect of human capital is becoming even more relevant at the regional level since the differences in human capital endowments across regions tend to increase due to local agglomeration effects and to spatial flows of skilled people’ (p. 357).

Agglomeration is, however, only one side of the story. The structural shift to a service-based economy also leads to some convergence of regional employment structures for the simple reason that services tend to be more spatially dispersed than declining sectors such as manufacturing and are less likely to be concentrated in specific regions (although some service sectors do lend themselves to concentration, for example financial services centres such as London and Frankfurt). There are hairdressers, restaurants and post offices in all regions, and a large share of economic activity is accounted for by products and services that are produced and consumed locally. Such services also account for a large

and increasing share of employment in modern economies, as they tend to be labour intensive and less prone to capital replacement or offshoring than manufacturing, for instance.

The employment share of agriculture is declining fastest in higher-growth, lower-GDP ‘catch-up’ regions of Member States such as Poland and Romania. This is leading to greater convergence with average EU sector employment shares, as service jobs replace the missing agriculture jobs. This reflects the point made by the OECD (2000) that ‘locational factors have exerted relatively little influence over activity in the service sector, so its stronger growth compared with agriculture and manufacturing has tended to make regional activity more diverse’ (p. 58). The services shift does generate greater diversity of activity within regions in a proliferation of growing services. At a more aggregated level, however, the same services shift tends to make regions resemble each other more in their broader sectoral composition (that is, for example, in the split between employment in services, industry and agriculture). Ward et al (2007) found that ‘over the period 1999 to 2005, the degree of regional specialisation, defined in terms of the division of employment between sectors of activity ... declined slightly over the EU as a whole’ and that the decline was greatest in ‘low-income regions in the new Member States reflecting the shift from agriculture and manufacturing to services’ (p. vii).

Sectoral employment shifts tend not to be uniform across regions of the same country. Dauth and Sudekum (2012) distinguish between three types of German regional employment growth over a 30-year period (1978–2008): pro-trend, contra-trend and ‘featureless’ growth. Most regions experience featureless growth, that is, growth that is largely indistinguishable in terms of sectoral shifts from aggregate, national growth. But a small number of regions show either faster services growth (pro-trend) or relatively low services growth (contra-trend). Trade exposure is a crucial determinant of how transformative processes of restructuring may be in the different types of regions. Contra-trend regions with significant export-oriented manufacturing sectors have tended to undergo lower levels of industrial restructuring than regions with import-competing manufacturing sectors. They are more likely to have consolidated their manufacturing specialisations, expanded external markets and maintained manufacturing employment shares. In regions with mainly import-competing manufacturing, the losses of industry employment attributable to overseas competition have been more severe and only partially compensated by the growth of services employment.

Recent Italian research points to the greater resilience of labour markets in more diversified regional economies, notably urban areas, compared to specialised industrial districts – even though these have long been a strength of the Italian (especially north Italian) industrial model. In the former, job losers have a greater variety of alternative employment possibilities, which facilitates transitions. Using Italian Local Labour System Data for the period 2004 to 2008, Basile et al (2012) indicate that sectoral shifts themselves, but also the degree of specialisation of a region, have a ‘negative role on unemployment dynamics’. Specialisation is a prerequisite of productivity improvement on the one hand, but regions that are too specialised can suffer disproportionately if specific economic shocks affect that specialisation (for example, product competition in the case of many European port cities with large shipbuilding sectors in the 1970s, or the opening up of global textile trade as a result of the completion of the General Agreement on Tariffs and Trade (GATT) Multi-Fibre Agreement in the mid-2000s for regions specialising in clothing and textiles, such as the Prato region explored in the case studies).

The Saab (Sweden) and Arc International (France) case studies illustrate that the combination of a high industrial share of employment and a reliance on a few large industrial employers in relatively small provincial towns can amplify the impacts of a large restructuring.

In this chapter, existing data sources are used to compile an overview of regional data, where regions are classified based on the NUTS level 2 classification, comprising 270 regions.² The main data sources are the EU-LFS and the ERM. The

² For more information on the NUTS system of classification, see http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction.

EU-LFS is the reference source for the main labour market indicators at European and national level (employment rates and share of employment by sector) and is based on representative samples in each EU Member State (and other European states). The ERM captures the employment effects of large-scale restructuring events as described in media reports in the 28 EU Member States (EU28) and Norway and has been operational since 2002. Over 17,000 large-scale restructuring events have been identified as of early 2014. The main criterion for inclusion in the database is that a case should involve at least 100 job losses or gains, although a second-order criterion allows smaller cases to be included as well. The ERM has helped identify a number of the restructurings that feature in the case studies. In addition, population growth and basic economic output data (GDP per head compared with the EU average) are included, although it is worth noting that many potentially useful data (for example, foreign direct investment flows) are not to our knowledge available at NUTS 2 level.

This overview starts by comparing regions in terms of GDP per head, illustrating the continuing wide differences in output (and income) per head across the EU. This is followed by a descriptive analysis of restructuring intensity across regions based on the ERM dataset of restructuring cases. The dispersion of standard labour market indicators (employment and unemployment rates) across regions is then examined, showing the divergence of labour market performance post-crisis (the focus of this is more along national than regional lines). Finally, data on the changing composition of employment at regional level is presented before offering some concluding observations.

Variations in regional output

GDP per head measured in euro varies by a factor of over 20 across European countries and regions,³ and this variation has increased following the 2004 and 2007 EU enlargements, with the accession of the central and eastern European countries, which generally have lower GDP per head. In 2010, Luxembourg recorded the highest GDP per head (320% of the EU average), while the Bulgarian region of Severozápaden had the lowest (12% of the EU average). The countries that were Member States prior to the 2004 enlargement (the EU15) tended to enjoy higher average GDP per head (the range in continental France was 93–204; in Germany it was 85–213). With one notable exception (Berlin), another common pattern is for large metropolitan and capital city regions to have significantly higher output per head compared to other regions of the same country (see Annex 2).

An important objective of EU regional policy is to reduce structural disparities between EU regions. To a certain extent, disparities of output between regions should be eliminated by a process of ‘catch-up growth’ in the lower-output areas as they exploit their greater growth potential. A summary of earlier pre-crisis research concluded that there had been a convergence of output per head based on catch-up growth among EU regions (both at EU15 and EU27 level) in the period up to 2008 (Monfort, 2008). Furthermore, this process had led to a revision of an earlier diagnosis based on data to the end of the 1990s of a bimodal convergence within the EU, in which poorer regions converged on a lower steady state output of around 40% of the EU average, while richer regions converged on a higher steady state of around 110% of the EU average. According to Monfort, ‘the shape of the distribution in 2005 no longer shows signs of polarisation, making the scenario of various convergence clubs among EU regions less likely’ (p. 8).

Nonetheless, within-country output variation has tended to increase as large metropolitan areas, often around the capital cities, have been responsible for a disproportionate share of increased output at national level. This effect was most obvious in some 2004 and 2007 accession countries (the Czech Republic, Hungary, Poland and Romania), but also in the UK, where the greater London economy and that of surrounding regions enjoy relatively faster growth than the remaining UK regions.

³ Conversion to purchasing power parities reduces these factor differences in outputs across regions, but they are still striking.

This large metropolitan area bias is also noticeable in the recent work by the European Commission (the Directorate-General for Regional and Urban Policy with the Joint Research Centre) to develop an EU regional competitiveness index. This index has been developed at the NUTS 2 level and covers 73 individual indicators grouped together in 11 pillars, where the pillars have titles such as basic education, infrastructure, macroeconomic stability, labour market efficiency and technological readiness. One striking finding was that 7 of the top 10 regions in the composite competitiveness indicator were either capital regions or regions with large cities, including the London area, the Stockholm region, the Copenhagen/Hovedstaden region, the Île-de-France region, the Frankfurt/Darmstadt region and the Amsterdam region (Annoni and Dijkstra, 2013). The authors note that

in some countries like France, Spain, UK, Slovakia, Romania, Sweden and Greece, the level of variability is particularly high with the capital region almost always being the best performer within the country. Germany and Italy are exceptions where the capital region is not the most competitive one.

(p. ii)

Restructuring in Europe

The restructuring events database of the ERM captures summary details of large-scale restructuring cases, notably their announced employment impacts, from national press reports and company announcements. The ERM can identify pockets of regional restructuring activity, as each factsheet is assigned a NUTS code based on the location of the establishments affected by the announced restructuring. Some cases involve different establishments in different regions (and, less frequently, in different countries), but around two-thirds of cases affect employment at the regional (NUTS 2) or sub-regional level (NUTS 3) only, generally in single establishments. It is these cases that are of interest to the current study. The data here are presented using the NUTS 2 breakdown (270 regions) due to the relatively small sample, the difficulties of presenting data at NUTS 3 level (1,294 regions)⁴ and for comparability reasons, given the wider availability of standard labour market indicators from the EU-LFS at NUTS 2 level. It should be acknowledged, however, that many NUTS 2 regions exist more as classificatory entities rather than representing any real functioning economic unit or territorial administrative unit. The ERM regional data analysis looks only at the 10,476 cases at NUTS 2 and NUTS 3 level (with the NUTS 3 codes reclassified to NUTS 2) and excludes cases involving units spread nationally or across different units at NUTS 1 level.

Table 1: *Geographical classification of ERM cases, 2002–2013 Q2*

Region code in ERM	Number of cases
Country level or cross-national	5,118
NUTS 1	978
NUTS 2	1,390
NUTS 3	9,086
Total	16,572

Source: ERM, Eurofound

⁴ For the purposes of the overall study, NUTS 3 would have been preferable to NUTS 2 as the level of regional classification. NUTS 2 regions are large and populous enough for individual restructuring events – even very large-scale ones involving thousands of job losses – to be barely visible in the aggregate statistics on themes such as unemployment. However, use of NUTS 3 data was not possible due to limited availability.

The regions with the highest number of reported restructuring cases and associated job loss tend to be in smaller Member States (see Annex 2). Where a country has only one NUTS 2 region, national restructuring cases by definition end up being considered as regional cases. For example, a retail chain closing supermarkets across Estonia (which has only one NUTS 2 code) will count as a (big) regional restructuring case, while a similar case in Germany will be a national case. This partly explains why total restructuring job losses, as well as a standardised measure used in this analysis (the ratio of average ERM job losses per annum in a region to average employment levels), are higher in small Member States. Another likely factor is that a higher share of restructuring cases meeting the ERM criteria are picked up in smaller countries – a factory closure involving 100 people is more newsworthy in Estonia than in Germany.

Table 2 shows the top-ranked NUTS 2 regions in terms of the frequency of restructuring cases involving job loss, the total announced job loss, the average restructuring job loss per annum recorded in the ERM as a share of average employment, and the frequency of very large-scale cases (greater than or equal to 500 announced job losses).

Table 2: *ERM job loss data, 2002–2013 Q2*

Frequency of restructuring job loss		
Ranking	Region	No. of cases
1	IE_Southern and Eastern	171
2	SI_Eastern	117
3	DK_Hovedstaden	107
4	ES_Catalonia	102
5	SE_West	101
6	IT_Lombardy	89
7	LT_Lithuania	87
8	PT_Norte	86
9	SI_Western	84
10	FR_Île de France	81
Total announced job loss		
Ranking	Region	Job losses
1	PL_Śląskie	42,000
2	IE_Southern and Eastern	37,000
3	DE_Berlin	31,000
4	SI_Eastern	30,000
5	ES_Catalonia	28,000
6	LT_Lithuania	27,000
7	ES_Madrid	27,000
8	DK_Hovedstaden	25,000
9	FR_Île de France	25,000
10	RO_South-East	25,000
Restructuring job loss per 1,000 people employed		
Ranking	Region	Ratio
1	SI_Eastern	7.6
2	SI_Western	5.4
3	HU_Central Transdanubia	5.1
4	HU_Western Transdanubia	5.1
5	MT_Malta	3.9

Restructuring job loss per 1,000 people employed		
Ranking	Region	Ratio
6	CZ_Moravian-Silesian Region	3.7
7	SE_Middle Norrland	3.5
8	RO_West	3.3
9	LU_Luxembourg	3.3
10	DK_Syddanmark	3.2
Frequency of large-scale job losses (> 500)		
Ranking	Region	No. of cases
1	PL_Śląskie	20
2	RO_West	15
3	ES_Madrid	14
4	LT_Lithuania	13
5	UK_Greater Manchester	13
6	ES_Catalonia	12
7	HU_Central	12
8	RO_South-Muntenia	12
9	RO_Bucharest-Ilfov	12
10	UK_Northumberland/Tyne and Wear	12

Source: ERM, Eurofound

In addition to small country regions, the list includes predominantly metropolitan regions in larger Member States (Berlin, Catalonia, Île-de-France, Lombardy and Madrid) and regions with a traditionally high share of industrial employment (for example, Śląskie in Poland, Eastern Slovenia, West Sweden and West Romania). The ERM case size thresholds mean that manufacturing cases – and industrial regions – are over-represented in the dataset.

The job loss to employment ratio measures average per annum announced restructuring losses (source: ERM) per 1,000 employed (source: EU-LFS).⁵ Data from the two sources are combined in order to have a comparable proxy measure of restructuring intensity from the ERM. Large-scale restructuring job loss recorded in the ERM accounts for a very small share of total regional employment. The maximum share is recorded in Eastern Slovenia (7.6 per annum per 1,000 employed, that is, less than 1%). Fewer than 100 (98) European NUTS 2 regions have rates of one or more large-scale restructuring job loss events per annum per 1,000 employed (the three darkest shades in Figure 2).

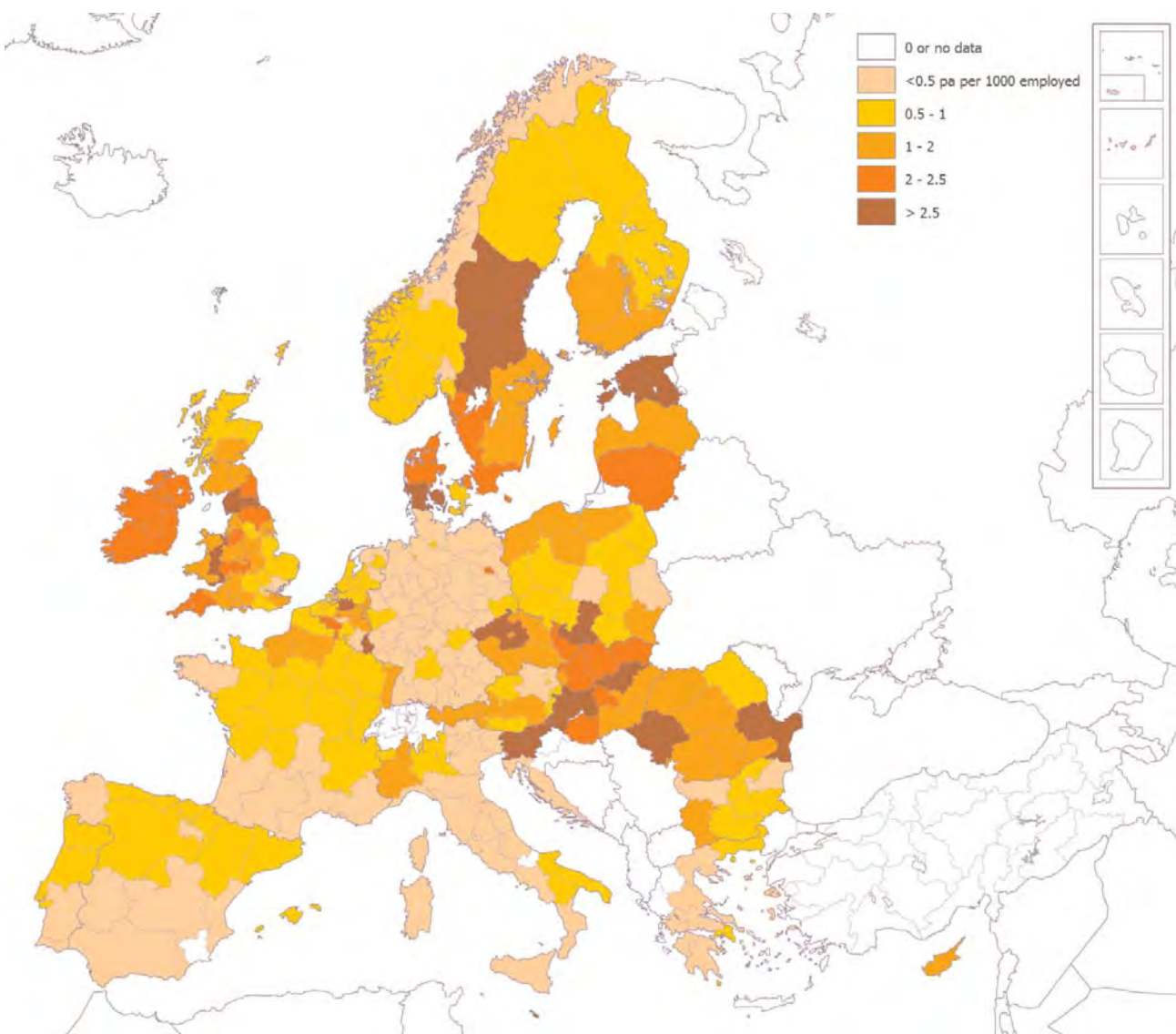
These small shares have both a methodological and an empirical basis. Methodologically, the ERM is dependent on media reports of restructuring events, which vary from country to country (with, for instance, a high likelihood of case coverage in Ireland, the UK and many older Member States but a lower likelihood in Bulgaria, Greece or Latvia), as well as the diligence of national correspondents covering selected media. The main media sources that the national correspondents cover are national rather than regional, and some regional restructuring activity may not be noticed, especially in larger Member States. If there is no media report about a particular restructuring case, it will not be recorded in the ERM. The database, therefore, represents a non-exhaustive selection of large-scale restructuring cases in each country for each period.

⁵ From 2005 onwards, as the database only became fully operational in the 12 Member States that acceded in the 2004 and 2007 enlargements in that year. Regional employment is calculated as the average of the annual figure 2005–2012.

A second important methodological factor is the ERM case size threshold, which tends to rule out many SMEs from consideration. However, the research literature (most recently Fort et al, 2013) indicates that rates of employment creation and destruction tend to be highest in smaller, younger firms. Most job losses do not arise as a result of large-scale restructurings, but for a variety of other reasons, such as non-replacement of people who leave or retire, or small-scale restructurings or closures.

The regions experiencing high restructuring intensity (greater than 2.5 per annum announced job loss per 1,000 employed) using this measure are spread over 11 countries. As Figure 2 shows, they include a mix of smaller ‘country regions’ (for example, Estonia, Luxembourg and Malta), for reasons already indicated, as well as traditional industrial regions in larger Member States (for example, the Tees Valley and East Wales in the UK).

Figure 2: ERM job loss per annum per 1,000 employed by NUTS 2 region, 2005–2013 Q2



Source: ERM, Eurofound

The most obvious geographical cluster of intense restructuring activity that can be identified in Figure 2 encompasses a cluster of central and eastern European Member States, including the Czech Republic, Hungary, Romania, Slovakia and Slovenia, as well as Śląskie in southern Poland. Even though it only became fully operational in these countries around 2005, 15 years after the beginning of their transitions to a market economy, the ERM has recorded numerous cases of large-scale restructuring of currently or previously state-owned enterprises in these countries, such as Mittal Steel Ostrava in the Czech Republic (3,500 jobs losses in 2006) or the Romanian national railway freight company CFR Marfa (over 6,000 job losses in 2010). Interestingly, many of the same regions recorded greater job creation than job loss in large-scale restructurings over the period covered (see Table 3). In other words, total restructuring activity ‘creative destruction’ was even greater than that suggested in Figure 2.

Industrial restructuring in the former Visegrad countries (the Czech Republic, Hungary, Poland and Slovakia) involved a unique process of deindustrialisation in the immediate post-communist transition period in the 1990s, followed by reindustrialisation in the period preceding the global financial crisis, as they awaited EU accession and foreign direct investment revitalised the extensive existing industrial infrastructure. Kuttor and Hegyi-Kéri (2012) show how varied this process of deindustrialisation and reindustrialisation was at NUTS 2 regional level, with two clear types of ‘winning’ regions – the capital city regions as well as ‘regions with a favourable geographical location and considerable industrial traditions’ (p. 298), such as Western Slovakia and Central Moravia and Moravia-Silesia in the Czech Republic. The ‘losing’ regions were those that benefited less from inward capital investment in the 2000s, such as southern Transdanubia (Hungary). Of the 15 NUTS 2 regions in the EU with a manufacturing employment share of over 30% in 2012 (see Annex 2), all but four are in these four neighbouring central and eastern European countries, which form the new industrial heartland of the EU.

Other possible clusters include:

- a number of northern European countries on the Baltic littoral – the Baltic republics, Denmark, Finland, northern Poland and Sweden;
- the UK and Ireland;
- a smaller Benelux cluster.

The relative lack of restructuring intensity in countries or regions such as Greece, central and southern Italy and southern Spain, where labour markets have been especially difficult in recent years, may appear surprising. This is partly because structures of employment are strongly skewed to smaller firms and establishments that end up below the ERM ‘radar’, which may in turn imply slower levels of structural adaptation. It is important to also acknowledge that press coverage of restructuring in a country like Greece appears to be relatively limited in comparison to other countries.

Around 40% of restructuring cases in the database represent business expansion involving job creation. As Table 3 shows, some of the regions with the highest levels of restructuring job loss also boast high levels of job creation; Śląskie and Southern and Eastern Ireland feature prominently in both job loss and job gain lists.

Table 3: Top 10 regions in ERM job creation cases, 2002–2013 Q2

Frequency of restructuring job creation		
Ranking	Region	No. of cases
1	PL_Dolnośląskie	219
2	PL_Śląskie	158
3	IE_Southern and Eastern	151
4	PL_Łódzkie	133
5	SK_Western	111
6	LT_Lithuania	104
7	SK_Eastern	103
8	RO_Bucharest-Ilfov	86
9	CZ_Jihovýchod (South-east)	81
10	PL_Małopolskie	80
Total announced job creation		
Ranking	Region	No. of jobs
1	PL_Dolnośląskie	94,000
2	PL_Śląskie	69,000
3	PL_Łódzkie	57,000
4	RO_North-West	48,000
5	SK_Western	45,000
6	SK_Eastern	36,000
7	RO_Bucharest-Ilfov	32,000
8	IE_Southern and Eastern	32,000
9	CZ_Severozápad (North-west)	31,000
10	CZ_Moravian-Silesian Region	31,000

Source: ERM, Eurofound

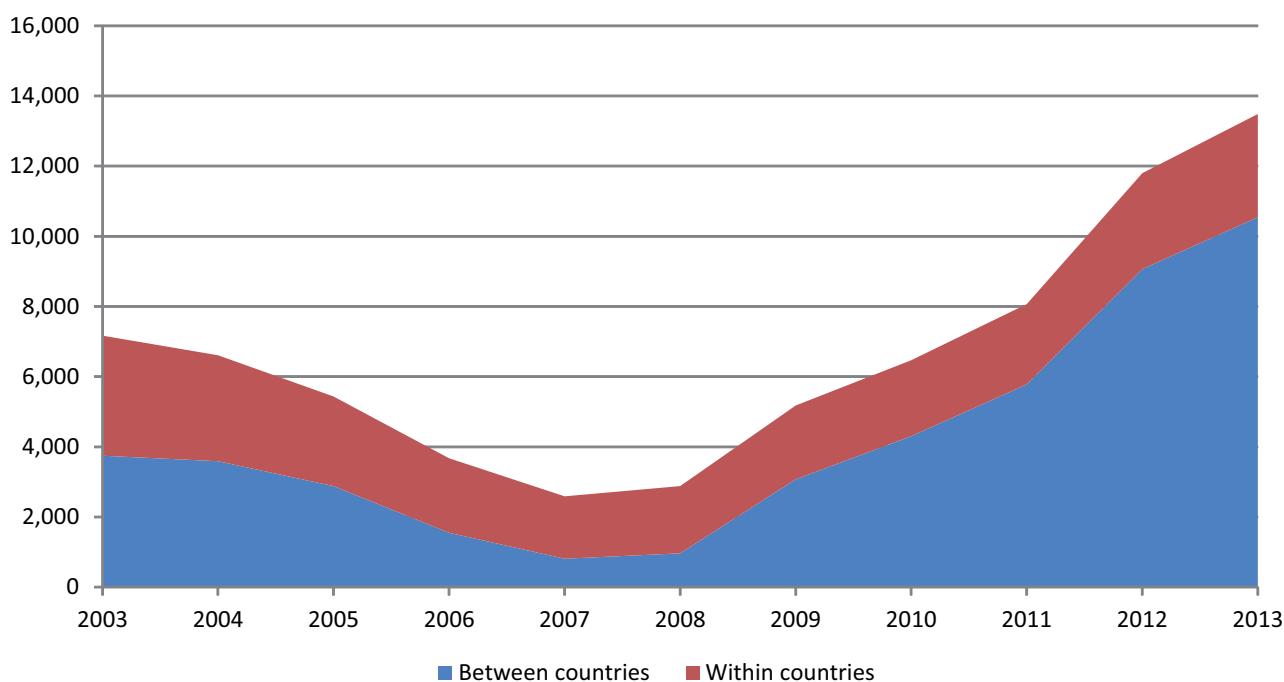
Member States that acceded in 2004 and 2007 (the EU12) account for all except one of the biggest job creation regions. This reflects substantial foreign direct investment inflows in the immediate pre- and post-accession periods, as well as the transfer of some productive activities (for example, in auto manufacturing) from western to eastern Europe. As distinct from older Member State regions, the overall employment balance from ERM restructuring cases is positive in many of the newer Member State regions. In addition, job gains in the big gaining regions tend to be greater than job losses in the big losing regions.

The presence of Southern and Eastern region of Ireland (the only old Member State region) in the list is likely to have a similar basis; notwithstanding a severe recession, Ireland continues to benefit from substantial foreign direct investment, notably in IT services, medical devices/pharmaceutical manufacturing and financial services, where there are strong existing clusters.

Regional employment data

Because regions in the same country operate under similar labour market regulations and institutions as well as macroeconomic conditions, the variation in labour market indicators tends to be greater between countries than across regions in the same country. The 2008–2009 crisis and its aftermath accentuated cross-national differences, especially in the euro zone, where economic and labour market divergences have been sharpest. Figure 3 breaks down the variance in EU28 regional unemployment rates into a between-country share and a within-country share. Even though the current analysis is interested mainly in the post-crisis period (2008–2013), it is extended back to 2003 to illustrate what an important turning point the global financial crisis has been in terms of labour market divergence in the EU. Up to 2008, unemployment rates converged (variance decreased), and the key contribution to this convergence was diminishing differences in national labour market performance. Since 2008, rapidly increasing differences in national unemployment rates are the main contributor to growing labour market divergences across the regions of Europe.

Figure 3: *Within-country and between-country contributions to variation of NUTS 2 regional unemployment rates, EU28, 2003–2013*



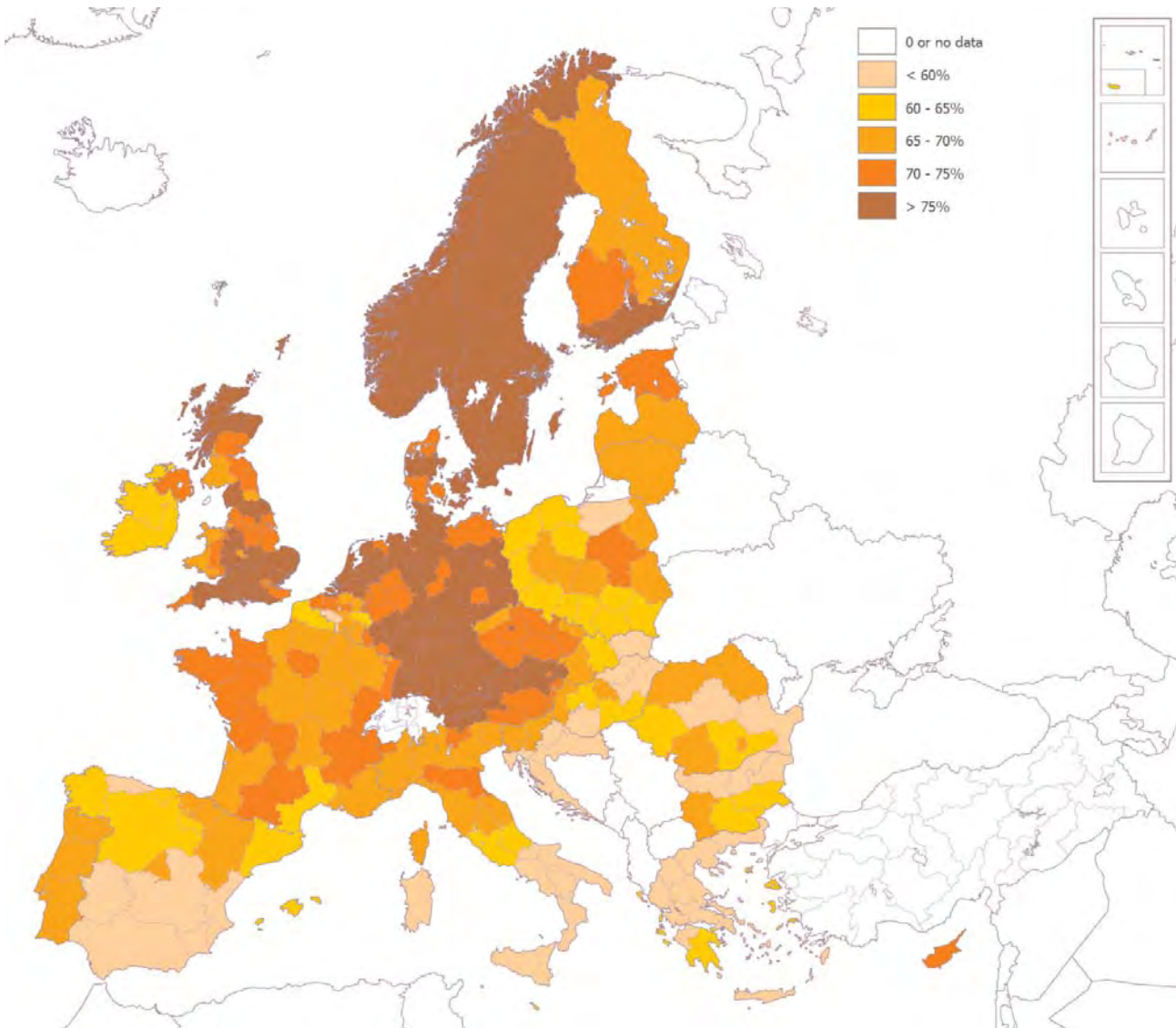
Source: *EU-LFS, Eurostat (authors' calculations)*

The main Europe 2020 employment target is for three-quarters of workers aged 20 to 64 years to be in employment by 2020.⁶ According to the latest annual data (2012), 82 NUTS 2 regions, or around one-third of all regions, are already above the EU headline employment target. However, these regions are concentrated in a small number of central and northern countries: Austria, Germany, the Netherlands, Sweden and the UK (Figure 4). Outside this core, employment rates are lower, and in many regions they are significantly short of both EU and national employment targets.

⁶ This is the EU headline objective; most countries have established separate targets that are in the range, such as 62.9% for Malta to 'well over 80%' for Sweden. See http://ec.europa.eu/europe2020/pdf/targets_en.pdf.

Employment rates are below 60% in much of the Mediterranean fringe as well as in some EU12 regions. The two regions with the lowest employment rates are in southern Italy: Campania (43%) and Sicily (44%). Overall, the EU28 employment rate is 68.3%, which is two percentage points lower than its recent peak in 2008.

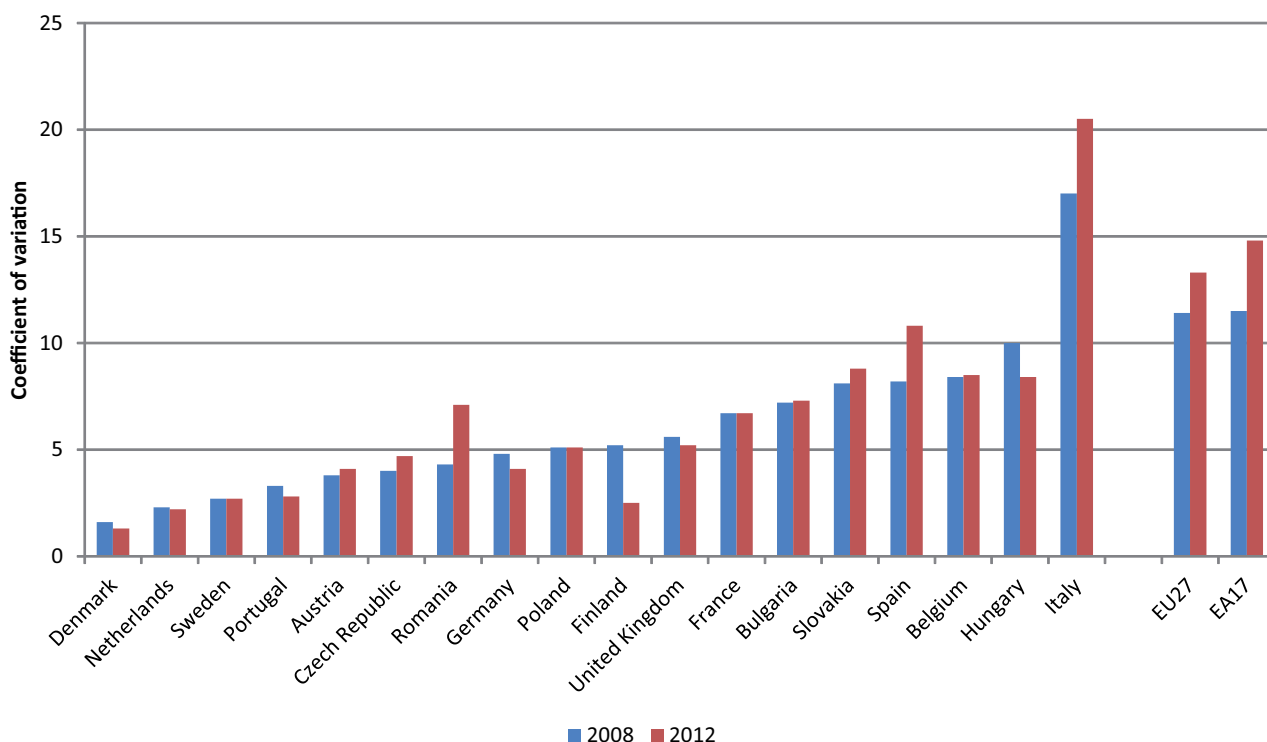
Figure 4: *Employment rates (20–64 years), EU27 NUTS 2 regions, 2012*



Note: Includes 27 Member States as Croatia was not a Member State in 2012.
 Source: *EU-LFS, Eurostat (authors' elaboration)*

The biggest intra-country differences in labour market performance are in Italy and Spain and are reflected in large coefficients of variation (20.5 and 10.8 respectively, compared to 13.3 in the EU27 as a whole; see Figure 5) in regional employment rates. The differences in both countries run along a north–south axis, with northern regions faring better. In the countries most affected by the crisis, variation in employment rates has increased, which confirms that some regions within these countries have suffered disproportionately as a result of the crisis (Figure 5). Of the 12 regions that have suffered employment rate declines of greater than 10 percentage points between 2008 and 2012, 7 were in Greece, 4 in Spain and 1 in Ireland.

Figure 5: Dispersion of regional employment rates (15–64 years, NUTS 3), 2008 and 2012



Notes: The figure shows coefficients of variation per country, that is, standard deviation/mean in each country or country grouping; EA17 = 17 euro area Member States; excludes smaller Member States with three or fewer NUTS 2 regions.
Source: EU-LFS, Eurostat

In most countries where labour market performance has been more resilient, there has been a convergence in employment rates (for example, Finland, Germany, the Netherlands and the UK), with lower-employment regions catching up. The Berlin region in Germany, for example, has recorded the biggest percentage point gain in the employment rate of any German region (+4.9 percentage points) while still having the lowest employment rate in the country. In tight national labour markets, regions with labour market slack have more scope to increase employment.

Data on employment transition rates tells a very similar story, with comparatively low transition rates to non-employment in regions in many northern European countries as well as Romania. Higher transition rates – in other words, less stable employment – were observed in regions in countries such as Spain, the Baltic republics and Hungary. Spanish regions, in particular, recorded big increases in transitions to non-employment after the crisis. For example, in Murcia, the share of employed persons in non-employment a year later rose from 9% pre-crisis (2002–2007) to 15% after the crisis (2008–2012). The main contributing factor to increased transition rates post-crisis was increased employer-initiated separations (dismissals or terminations of temporary contracts) rather than worker-initiated separations or retirement.

In the EU as a whole, the regional variation of employment rates has increased since the crisis, especially in the euro zone. This follows a period of steadily decreasing variation from 2003 to 2007. As with unemployment rates, most of this increased variation is due to contrasting country developments in the post-crisis period, as opposed to major divergences at regional level within countries.

Employment composition by sector

The crisis has accentuated structural shifts in the employment structure that pre-date it. The industry share of employment has declined by about 1.5 percentage points since 2008 and now accounts for around 16% to 18% of total EU employment, depending on how exactly one designates ‘industry’.⁷ Service sectors (public and private) now account for over 70% of all EU employment and as much as 86% in Luxembourg and 91.5% in inner London.

The highest industry shares of employment are recorded in the Czech Republic, where all regions outside the capital remain highly industrialised. It accounts for 5 of the top 10 regions in terms of industry share (Table 4). Aside from one German region (Tübingen), the other regions with high industry shares (32% to 36%) are also in the EU12. Only one of these regions – Severovýchod in the Czech Republic – experienced a contraction in industry share (-3.3 percentage points) that was significantly greater than the average decline. In the case of Střední Morava (also in the Czech Republic) and Tübingen, the industry share actually increased during the period 2008 to 2012.

Table 4: *Top 10 regions by industry share of employment and contraction of industry employment, 2012*

Regions with biggest industry share of employment	Industry share 2012 (%)	Change 2008–2012 (pp)
RO_West	36.0	-0.5
CZ_Moravian-Silesian Region	35.2	-0.2
CZ_Severovýchod (North-east)	35.2	-3.3
CZ_Střední Morava (Central Moravia)	35.1	0.1
HU_Central Transdanubia	34.0	-1.1
SK_Western	32.6	-1.5
HU_Western Transdanubia	32.5	-1.6
CZ_Severozápad (North-west)	32.0	-0.9
CZ_Jihozápad (South-west)	31.8	-1.5
DE_Tübingen	31.8	0.2
Regions with biggest contraction of industry employment	Industry share 2012 (%)	Change 2008–2012 (pp)
PL_Pomorskie	20.4	-5.2
FR_Lorraine	17.3	-5.1
BE_Limburg	17.4	-5.0
UK_North Eastern Scotland	20.4	-4.6
EL_Central Macedonia	11.9	-4.5
RO_Bucharest-Ilfov	11.3	-4.4
PL_Dolnośląskie	26.5	-4.4
RO_Central	31.2	-4.3
SK_Eastern	25.3	-3.9
EL_East Macedonia and Thrace	9.4	-3.9

Note: pp = percentage points

Source: *EU-LFS, Eurostat (authors' elaboration)*

⁷ For basic comparisons of sectoral employment composition, Eurostat's ‘industry’ variable is used. This comprises the NACE Rev. 2 sectors of manufacturing (C) as well as mining (B) and utilities (D and E).

One important lesson from the Hamburg aviation sector case study is some practical pitfalls of sector employment classification, which may result in a statistical exaggeration of the shift from manufacturing to services employment. This occurs, for example, when many new manufacturing jobs are outsourced on temporary agency contracts, as has been the case in the Hamburg region aviation cluster. This results in employment growth being recorded not in the aviation manufacturing sector, but in the service sector, which is where temporary work agencies as employers are classified.

Looking at the regions where the industry share of employment contracted the most, none of the most industrial regions (in terms of employment share) feature. Only Eastern Slovakia, Central Romania and Dolnośląskie (Poland) could be considered regions of major industrial employment. Some others – Limburg in Belgium and Lorraine in France – are regions in which the process of deindustrialisation is already far advanced. The share of industrial employment in Greek Central Macedonia and East Macedonia has contracted sharply from an already low base. In the context of a one-quarter decline in total employment, this confirms the damage to the Greek economic structure wrought during the crisis.

Overall, Table 4 suggests a comparatively robust specialisation in industrial sectors in most of the first 10 regions in the table, while the process of deindustrialisation sharpened across regions with diverse economic and industrial structures.

For the purpose of this analysis, service sectors account for the rest of non-industrial employment, except construction and agriculture. These include mostly public services, such as health and education, as well as all private service sectors (financial, business, hotel/accommodation, retail and so on). The service share of employment in the EU has expanded since 2008, largely because of losses in agriculture, industry and construction. In absolute terms, there were only 500,000 more service jobs in 2012 than in 2008 in the EU28. Nonetheless, this modest 0.3% increase in employment levels corresponds to an increased employment share of around 3% given the decrease in employment in other major sectors.

The list of regions with the highest share of service sector employment is dominated by metropolitan areas (mainly capital cities) of higher GDP countries. Over four out of five jobs in all of the cities in Table 5 are in services, and in all but one case (Stockholm) this share increased since 2008. The very large increases recorded in two Spanish regions – Canarias, where tourism is the main industry, and Madrid, which is the capital region – reflect the higher share of service sector employment of a sharply reduced workforce (employment declines in both regions have been greater than 10%) as construction jobs disappeared.

Table 5: *Top regions by service sector share of employment, 2012*

	Services share 2012 (%)	Change 2008–2012 (pp)
UK_Inner London	91.5	2.3
SE_Stockholm	88.0	-0.3
BE_Brussels-Capital region	87.2	3.3
NL_Utrecht	86.2	1.0
UK_Outer London	86.2	3.6
DK_Hovedstaden	86.1	2.2
LU_Luxembourg	86.0	3.0
ES_Canarias	85.8	8.2
NL_North Holland	85.2	0.7
ES_Madrid	85.0	6.1
FR_Île de France	85.0	1.1
DE_Berlin	84.8	1.2
DE_Hamburg	83.9	1.5
AT_Vienna	83.4	0.6

Note: pp = percentage points

Source: *EU-LFS, Eurostat (authors' elaboration)*

In summary, without adding many new jobs in the period 2008 to 2012, the service sector accelerated its relative long-run expansion of share of employment. Employment in industry contracted overall but with substantial variation between regions – some regions at similar high levels of industrial development had relatively modest declines, while the industrial share of employment was either stable or growing in about 20% of NUTS 2 regions.

The most dramatic employment effect of the crisis has been in the construction sector, both because of the size of the job losses (3.2 million net, or 17% of 2008 sector employment) and also because the impacts have tended to be concentrated in specific countries (the Baltic states, Bulgaria, Greece, Ireland, Portugal, Spain and to a lesser extent Denmark, the Netherlands and the UK).

A more comparable way of assessing the shift in employment in terms of productive activity is to rank regions in terms of a dissimilarity index (Table 6). This measures the difference in the composition of employment by sector between one period and another (in this case, 2008 and 2012) and can serve as another proxy of restructuring intensity. The index score can be interpreted as the share of employment that would have to be reassigned in order to replicate the starting shares of employment by sector in each region. The basic idea is that the index value will be bigger in regions where employment shares by sector have altered the most in a given period. A breakdown of all employment across 10 broad sectors is used to construct the index.

Table 6: *Shifts in sectoral employment 2008–2012, dissimilarity indices by country and region*

	Country index	Region minimum		Region maximum	
Ireland	7.5	7.7	IE_Southern and Eastern	7.7	IE_Border, Midland and Western
Spain	7.3	5.6	ES_Asturias	10.1	ES_Murcia Region
Latvia	6.6				
Bulgaria	6.3	4.9	BG_Yugoiztochen	7.7	BG_Severoiztochen
Luxembourg	6.2				
Greece	6.0	2.9	EL_Peloponnese	9.0	EL_Central Macedonia
Lithuania	5.7				
Estonia	5.6				
Cyprus	5.5				
Malta	5.0				
Portugal	4.4	3.8	PT_Lisbon Region	8.6	PT_Central
Slovenia	4.4	5.2	SI_Western	5.4	SI_Eastern
Croatia	3.9	3.7	HR_Jadranska Hrvatska	4.4	HR_Kontinentalna Hrvatska
Belgium	3.8	3.6	BE_Flemish Brabant	7.5	BE_Prov Limburg
United Kingdom	3.8	2.7	UK_Cornwall and Isles of Scilly	8.3	UK_Northumberland and Tyne and Wear
Netherlands	3.5	3.2	NL_South Holland	6.2	NL_Drenthe
Slovakia	3.4	2.6	SK_Western	5.1	SK_Eastern
Denmark	3.2	3.1	DK_Hovedstaden	4.2	DK_Syddanmark
Hungary	3.2	2.5	HU_Southern Great Plain	5.8	HU_Northern
Finland	3.2				
Poland	3.1	1.9	PL_Opolskie	6.5	PL_Pomorskie
Romania	3.0	1.5	RO_West	7.8	RO_Bucharest-Ilfov
Czech Republic	2.7	2.6	CZ_Moravian-Silesian Region	5.2	CZ_Prague
France	2.4	2.2	FR_Nord-Pas-de-Calais	8.8	FR_Limousin
Sweden	2.4	1.9	SE_Stockholm	4.6	SE_North Middle
Italy	2.2	2.6	IT_Lombardy	5.2	IT_Sardinia
Germany	2.1	1.6	DE_Dresden	5.7	DE_Bremen
Austria	1.5	2.4		5.6	

Notes: Minimum and maximum figures have been left out for countries with a single NUTS 2 region; some regions with inconsistent data have also been omitted; see Annex 2 for region labels.

Source: *EU-LFS, Eurostat (authors' elaboration)*

Table 6 underlines the asymmetrical impacts of the crisis by country. The index values at country level are much higher in the countries where employment was most affected by the crisis, notably those with major construction busts. In Spain between 2008 and 2012, there was a 5.5 percentage point loss of employment share in the construction sector alone. The one obvious exception is Luxembourg, where employment grew relatively faster than anywhere else in the EU (+14.3%). Here, the high index value is explained at least in part by the country's ongoing financial services specialisation. This sector accounted for 13% of employment in 2012, up 2 percentage points from 2008. In general, country index values are much lower in countries where labour market performance has been better, with Germany, Sweden and Austria recording three of the four lowest scores. The low index value for Italy suggests that the relative stagnation of employment in this Member State (–2.2% decline in 2008 to 2012) was spread across most sectors and did not result in a significant recomposition of sector employment shares.

The table also indicates that certain regions experienced significantly greater recomposition of employment than the countries to which they belong. In the Northumberland and Tyne and Wear region in the UK, Limburg in Belgium, Pomorskie in Poland, the Bucharest-Ilfov region surrounding the capital in Romania as well as the Murcia region in Spain, the sectoral composition of employment shifted by twice or more the national rate, primarily as a result of an accelerated shift from manufacturing to service employment.

Top 20 EU regions in job reallocation from large-scale restructuring

There is no obvious simple measure of restructuring intensity that can be used to rank European regions. However, on the basis that restructuring involves both employment-creating as well as employment-destroying restructuring cases, it is perhaps advisable to use combined job loss and gain as a principle measure. This is similar to 'gross job reallocation' in studies of job creation and destruction using firm-level data (Davis et al, 1996). Table 7 lists the top 20 EU restructuring regions using this indicator, although with the standard caveats that ERM restructuring data is indicative only and not representative.

Central and eastern European Member States are heavily represented in this list. The two Polish industrial regions of Śląskie and Dolnośląskie occupy the top two spots in the ranking, and Poland accounts for 5 of the top 20 restructuring regions. In both regions, announced job gains outnumbered announced job losses, quite markedly so in the case of Dolnośląskie. This is also mainly the case with the Romanian (4), Czech (4) and Slovakian (3) regions that feature in the list. As a generalisation, these central and eastern European regions are relatively industrialised (manufacturing share greater than 25% in 12 out of 17 regions) and the majority enjoyed net employment gains from large-scale restructuring over the period (that is, announced job gain exceeded announced job loss). They are experiencing declines in the manufacturing share of employment and increases in the services share of employment, but such a trend is observed across the vast majority of regions in the EU, and there is no obvious pattern of an accelerated recomposition of employment in these regions from industry to services. Indeed, many of the central and eastern European regions featured have benefited from transfers of manufacturing activity from western Europe around and after the two waves of EU enlargement in 2004 and 2007. The ERM data indicates that these regions have undergone simultaneously large-scale positive and negative restructuring over the last decade – job destruction in older firms and organisations with roots in the communist era, coupled with job creation as the national economies catch up with the rest of the EU, export markets have grown and some services and many manufacturing firms relocate eastwards within the EU.

Only three western European regions feature in the list: the Southern and Eastern region in Ireland, Île-de-France in France and Northern Ireland in the UK. In each region, announced job losses and gains are quite similar in scale.

Table 7: Top 20 restructuring regions according to the ERM

Region	ERM				EU-LFS						National accounts		Population (Eurostat)			
	Large-scale restructuring activity (2002-2013)				Total employment		Employment rate (%)		Manufacturing share (%)		Services share (%)		Overall sector shift	GDP per head (EU27=100)	% p.a. population growth 2002-2013	
	Job loss	Announced job loss p.a. per 1,000 employed	Job gain	Total job loss + job gain	1,000 employed 2012	Change 2008-2012	2012	% change 2008-2012	2012	Change 2008-2012	2012	Change				
PL_Śląskie	42,377	2.98	68,541	110,918	1,907.8	4.5	62.0	0.7	31.0	-1.3	58.4	1.0	2.7	32	40	-0.3
PL_Dolnośląskie	7,125	0.83	94,045	101,170	1,087.9	-5.6	62.2	0.3	26.5	-4.4	58.5	4.2	5.4	32	42	0.0
IE_Southern and Eastern	36,582	2.49	32,176	68,758	1,379.5	-13.4	64.8	-8.1	11.9	-1.4	79.1	7.6	7.7	194	161	1.5
RO_North-West	12,844	1.45	48,474	61,318	1,212.1	7.0	66.2	4.6	25.3	-1.3	39.9	-0.2	3.8	18	21	-0.6
PL_Lódzkie	3,870	0.39	56,900	60,770	1,193.0	-11.6	65.7	-0.9	25.5	0.2	54.9	3.7	3.9	28	35	-0.3
SK_Western Slovakia	15,190	2.12	44,822	60,012	828.9	-7.7	67.0	-5.1	32.6	-1.5	54.2	2.1	2.6	34	46	-0.1
LT_Lithuania	27,217	2.46	26,485	53,702	1,278.5	-18.9	68.7	-3.3	18.0	-1.7	66.1	4.7	5.7	31	36	-1.3
FR_Île de France	24,947	0.50	24,855	49,802	5,269.4	-1.0	72.2	-1.6	9.0	-1.3	85.0	1.1	3.4	184	204	0.6
RO_Bucharest-Hfov	15,582	1.95	32,717	48,299	1,055.3	2.2	67.9	-0.3	11.3	-4.4	78.1	6.8	7.8	42	56	0.3
SK_Eastern Slovakia	10,878	2.23	36,120	46,998	614.8	-2.4	59.7	-3.8	25.3	-3.9	58.9	4.6	5.1	24	33	0.3
CZ_Moravian-Silesian Region	15,512	3.65	30,591	46,103	543.0	-4.7	68.2	-0.9	35.2	-0.2	55.4	2.2	2.6	40	49	-0.3
CZ_Central Bohemian Region	13,839	3.02	28,981	42,820	623.7	3.9	74.4	-0.2	27.1	-3.4	61.6	5.0	5.0	46	51	1.4
PL_Mazowieckie	16,434	0.90	24,974	41,408	2,450.1	-1.2	71.1	1.0	14.8	-2.4	66.7	4.4	4.4	48	61	0.3
SI_Eastern Slovenia	29,987	7.64	10,726	40,713	481.8	-9.5	66.9	-4.7	28.7	-3.3	53.1	3.5	5.4	54	59	0.0
SK_Central Slovakia	10,878	2.29	29,742	40,620	566.4	-2.1	63.3	-2.6	28.2	-2.8	56.4	4.4	4.7	27	40	0.0
RO_West	20,869	3.31	19,734	40,603	811.6	-1.9	63.2	-2.0	36.0	-0.5	38.5	0.4	1.5	22	27	-0.7
CZ_Severozápad (North-west)	9,931	2.53	30,653	40,584	492.7	-5.5	66.8	-1.6	32.0	-0.9	56.0	1.6	3.6	39	46	0.0
RO_South-East	24,553	2.78	12,030	36,583	1,103.0	-4.8	57.8	-2.4	21.3	-1.5	41.7	1.7	3.4	16	20	-1.2
UK_Northern Ireland	17,786	2.12	18,256	36,042	799.2	2.0	72.0	0.6	13.2	0.9	75.1	0.9	4.8	107	86	0.7
PL_Malopolskie	8,152	0.81	26,761	34,913	1,297.7	-1.8	64.7	-2.6	21.6	-0.2	55.8	1.8	4.0	26	32	0.4
CZ_Jihovýchod (South-east)	8,411	1.41	26,391	34,802	769.8	-1.9	70.9	-0.9	30.4	-1.7	56.9	4.1	4.2	43	52	0.2

Source: ERM, Eurofound; EU-LFS, Eurostat

Conclusions

The extent to which there is regional convergence, diversification or specialisation within the EU depends on the period covered, the territorial scope (country or EU) and the level of detail of the specific indicator to be covered. In terms of levels of income and output, there is evidence of increasing convergence within Europe, albeit from widely contrasting baselines. For example, there is a twenty-fold differential in average income per head between the richest and poorest EU regions. Catch-up growth contributes to this convergence, especially in terms of bridging the gap between the former planned economies of the central and eastern European Member States and the older Member States. A further contributing factor is the institutional manifestations of European integration: the single market, structural funds and the freedom of movement of the factors of production.

The crisis and post-crisis period (2008–2013) has led to a sharp divergence in labour market performance across Member States. To a large extent, this divergence has been reflected at regional level. Most regions in the same country have experienced similar increases in unemployment, or in a few rare cases, such as Germany, similar decreases (with additional catch-up improvements in east Germany). This confirms what is largely known already: the labour market and macroeconomic framework at regional level is to a large extent framed at national level.

However, there are still large differences between the regions of some Member States (such as Italy and Spain). To some extent, these differences are culturally and historically determined, but they also relate to specialisations in activities either favoured or disfavoured by processes of change. Areas with a high concentration of knowledge-intensive business services have tended to grow faster, while areas with a concentration of traditional heavy industry infrastructures have tended to decline faster.

Metropolitan areas, especially capital cities, appear to have benefited from the key structural shift of activity away from primary and manufacturing sectors to services. Financial centres, or regions with a higher-than-average share of financial services employment (for example, London and Luxembourg), have benefited from the growth and international integration of global capital movements. The relative advantage of large metropolitan zones has been especially obvious in the Member States that acceded in 2004 and 2007, probably reflecting their disproportionate share of increased levels of foreign direct investment before and after accession.

Based on restructuring data from the ERM (2002–2013), the highest level of large-scale restructuring intensity has taken place in the newer Member States, in particular the Czech Republic, Poland, Romania and Slovakia – all countries that have undergone contrasting transition periods after exiting the Eastern Bloc in 1989–1990 before acceding to the EU15 years later. In the period covered by the ERM, the changes have mainly been positive, reflected in a net positive employment outcome from major restructuring cases in most regions. In addition to catch-up growth, regions in these Member States have benefited from an extensive existing industrial infrastructure and the transfer of productive activities from higher-cost facilities in western Europe. The share of manufacturing employment in many of these central and eastern European regions is greater than 30% – nearly twice the EU average – and the majority suffered relatively modest declines of this indicator over the course of the crisis (most were less than 2 percentage points).

While in the long term the shift to services is the main structural change in all EU Member States and regions, over the relatively short term of the crisis and post-crisis period (2008–2013), largely cyclical developments in specific sectors (notably construction but also retail) have been the key determinants of diverging national and regional labour market performance. A dissimilarity index measuring the change of employment composition by sector over time showed that countries such as Ireland and Spain that endured construction busts early in the crisis were those in which the sectoral structure of employment changed the most. In hindsight, it is easier to see that these sector-specific employment effects in some countries involved reversions to the mean after unsustainable build-ups in the preceding period.

This section has been confined to a univariate descriptive presentation of some important output, employment and restructuring data. Further work could look at the association of regional labour market developments and, for example, dimensions of quality of life and society, such as access to and availability of social and health services. It could also explore important linkages between indicators. To what extent is relative GDP growth conditioned by regional sector specialisations and their changes over time? Are there important disadvantages in terms of employment when sector employment composition changes relatively rapidly? High-productivity sectors have by definition relatively low employment intensity. To what extent does this lead to a decoupling of employment and output indicators at regional level and to what extent do positive spill-overs from high-productivity sectors compensate for such effects? What is the nature of these positive spill-overs?

Characteristics of the analysed restructuring events 2

General remarks on the case studies

Due to the very limited availability of secondary information on the effects of large-scale restructuring events on regions and the approaches taken to tackle potential negative effects for the economy and the labour market of regions, five comprehensive case studies were carried out for this project. The cases were selected on the basis of the following criteria:

- large-scale restructuring (as, for example, identified in the ERM) in terms of having effects beyond the company – for instance, because the company is one of the main employers in the region or because it has considerable impacts on other regional companies due to value chain networks;
- some diversity of economic sector and regional characteristics (for example, size of the region, type of region, characteristics of inhabitants, businesses and workforce, economic development and so on) across the case studies;
- the restructuring event is not too recent (about five years ago) so that effects on the regions could materialise;
- some diversity of restructuring types across the case studies;
- existence of a regional approach to tackle potential negative effects of the restructuring, some of which should have interventions funded by the European Globalisation Adjustment Fund (EGF);
- an indication that these approaches incorporate one or more of the elements of good practice established for the project (see the ‘Project methodology and report structure’ section in the Introduction).

Table 8 gives an overview of the selected restructuring events and corresponding regions that were investigated in depth by conducting interviews with regional stakeholders involved in the restructuring (for example, company management and works councils, regional government, employers’ organisation, trade union, local economic development agency, cluster initiatives and research). In total, around 45 institutions and organisations were interviewed across the five case studies.

The profiles show that across the case studies there was a mix of restructuring types, including types that are generally linked to employment growth (business expansion) and types that cause job loss (closures, bankruptcies) in the restructuring companies. The companies are well established, with a history going back several decades (or even almost two centuries in the French case). Ownership and management structures differ across the cases, from family firms to companies with public shareholders. Nevertheless, due to the case study selection criterion of ‘large-scale restructuring’, the companies are large firms and, indeed, are global players in their field (all of the cases are in the manufacturing sector). At the same time, they are also important employers in their regions. Interestingly, particularly for the French, German and Slovenian cases, their commitment to their region is strongly emphasised in the case studies. For example, Arc International in France established and financed two regional education facilities and was active in local institutions (like the Chamber of Commerce and the economic development agency). Similarly, Airbus in Germany was engaged in public–private partnership initiatives in the field of education and training. In the Mura case in Slovenia, the company sponsored local infrastructure, schools, kindergartens, sports and cultural events, different societies and so on.

Table 8: Case study profiles

Country/region	Restructuring company	Sector	Type of restructuring	Date of restructuring
Germany Hamburg	Aviation sector – Airbus – a global company with an international production network employing about 60,000 overall and about 15,000 in Hamburg (where it is the largest employer), which has been the German headquarters since 1969; one-third of shares are publicly held; it has a supplier network of about 300 SMEs (with a total of about 8,800 employees), hence the high importance of regional business relations; staff have a relatively high level of qualifications and skill	Aviation	Business expansion, internal restructuring, outsourcing, merger and acquisition	1997, 2000, ongoing
France Saint-Omer (Nord-Pas-de-Calais)	Arc International – a family firm since 1825; has a paternalistic management style; about 11,600 workers globally (about 6,000 in France); an international market leader, highly innovative; main employer in the employment area (headquarters and main production site located there; blue-collar workers), with high commitment to the region (including local recruitment); strong local business relations (at least in some sectors)	Glass manufacturing	Internal restructuring, outsourcing, closure, offshoring/delocalisation	Ongoing since 2004
Italy Prato (Tuscany)	Prato Textile Industrial District – among Italy’s largest industrial districts and one of the international market leaders since the 19th century (with activities dating back to the 12th century); characterised by specialisation and division of work between regional companies (implying a high level of individualism among the enterprises) and a ‘parallel district’ of Chinese textile companies in the region; about 3,000 companies in the textile sector; rather low education levels among workers	Textile	Internal restructuring, bankruptcy/closure, merger and acquisition	Ongoing since the early 2000s
Sweden Trollhättan (Western Götaland)	Saab Automobile – formed in 1937 and owned by General Motors since 1990; second largest car manufacturer in the country; known for its innovation, technology and efficiency; largest private employer in the region (about 3,000 workers before the closure), with mainly local workforce with long tenure in the firm (strong feeling of loyalty); workers are widely considered to be highly skilled, innovative and efficient	Automotive, aviation	Bankruptcy/closure	2000–2012
Slovenia Pomurje	Mura – founded in 1925; family firm that is part of a holding; technologically advanced; flagship company in Slovenia and largest firm in the EU manufacturing sector; about 1,200 employees (low qualified but highly skilled); stable regional employer with good wages and training provision; locally and regionally engaged in social terms; weak local business relations	Clothing	Internal restructuring, bankruptcy	Late 1990s to 2011

Source: Eurofound, based on case studies

The only case study that does not involve a single company restructuring event is the Italian case study of the Prato Textile Industrial District. This involves a cluster of SMEs that jointly form the industrial district, which, as such, is undergoing restructuring. In the German case study on the Hamburg aviation sector, a network of about 300 SMEs is involved, even if the impetus for the restructuring came from a large company (Airbus).

There are some differences across the case studies regarding how the companies are embedded in the local or regional business structure. This ranges from strong local business networks in the cases of the Hamburg aviation sector (Germany) and the Prato Textile Industrial District (Italy), to less close but still important business relationships along the supply chain in the French case of Arc International, to weak local business ties in the Slovenian Mura case (due to international sourcing and demand).

Overview of the analysed regions

To better understand the regional effects of the restructurings studied as well as the approaches taken to tackle their effects, it is important to understand the main characteristics of the regions where they happened. There is a wide variety of economic and labour market situations and developments across Europe (see Chapter 1), and these can be seen as the frameworks or environments for the individual restructuring and its outcomes. Consequently, the economic and labour

market situation of the studied regions is provided in the next section, followed by some information on their political and institutional settings.

Regional economy and labour market

The heterogeneity of European regions is illustrated by the project case studies (Table 9). While Trollhättan, the Swedish region under investigation, covers about 55,500 inhabitants, the French Nord-Pas-de-Calais has a population of 4 million (with 120,000 inhabitants in the specific employment area of Saint-Omer).

The German case study covers Hamburg, a well-developed city in economic and labour market terms. It is the richest German region and is characterised by population and employment growth that is much more dynamic than the German average; this supports the finding in the previous chapter that metropolitan areas are generally better developed.⁸ In contrast to that, the Nord-Pas-de-Calais region ranks very low among French regions in terms of GDP per capita and is also characterised by an unemployment rate that is considerably higher than the French average. Similarly, Trollhättan is the municipality with the highest unemployment rate in Sweden, and the Slovenian Pomurje region shows the lowest economic and labour market indicators across the country (for example, lowest GDP and income per capita, highest unemployment and youth unemployment). In addition, the Italian region of Tuscany is characterised by low GDP growth, but this corresponds to the Italian average, compared to which the region fared somewhat better during the recession. This is at least partly due to the comparatively high number of Chinese immigrants and their contribution to the local economy. Nevertheless, the region is characterised by decreasing competitiveness in international markets (exports being important for the area).

In all analysed regions, and in line with the discussion in Chapter 1, the service sector dominates the economy and the labour market, and does so increasingly. The Hamburg economy relies on a combination of traditional sectors like shipping and trade and more modern sectors like media and IT. The aviation sector is a key manufacturing industry for the region. The analysed French and Slovenian regions seem to be more focused on traditional sectors (automotive, trade, textiles and food), and agriculture is still dynamic. The French and Slovenian employment areas are heavily dependent on a few large employers, resulting in strong concentration and specialisation. This is also the case for the Swedish Trollhättan area, where it is assumed that this trend will deepen in the future due to a comparatively low level of start-ups. In Tuscany, the manufacturing sector, notably textiles, is important; however, there is a strong division of work among a huge number of specialised SMEs cooperating along the value chain in the 'industrial district' and thereby providing work for the regional employees.

Similar to the rest of Germany, there is a rising trend towards part-time and marginal employment in Hamburg. What is striking is the considerable increase in marginal jobs as second jobs (which reflects a national trend). As regards economic and labour market dynamism, the Italian Prato and the Swedish Trollhättan regions are characterised by rising unemployment. The Slovenian Pomurje region traditionally showed lower growth than the national average but is recovering slightly better from the recession.

The high qualification level mentioned above among the aviation workforce in Hamburg is characteristic of the overall Hamburg labour market, yet at the same time the share of less-well-educated people is above the German average. The Slovenian Pomurje region has the least number of people with higher education in the country.

In terms of quality of life, increasing social polarisation can be observed in Hamburg, while Tuscany is characterised by an old-age dependency ratio that is above the EU average.

⁸ Also in line with the earlier analysis, the high level of commuting from and to neighbouring regions highlights the challenges of statistical analysis of 'employment areas'.

Table 9: Profiles of case study regions

Country	Region	Extent of region	Economy	Labour market	Economic/labour market dynamism	Quality of life
Germany	Hamburg (urban)	1.8 million inhabitants (second largest German city) Total area of 775 km ²	<p>Richest German region, with GDP per capita of more than 160% of the national average</p> <p>The service sector clearly dominates, while manufacturing is declining; port/logistics/maritime, trade (including an important role as an international hub), media and IT are the main industries</p> <p>Economic integration with neighbouring districts</p>	<p>Clear dominance by the service sector</p> <p>Slightly higher unemployment rate than the German average</p> <p>Rising trend of part-time and marginal employment (particularly marginal jobs as second jobs)</p> <p>Polarisation of qualification levels</p> <p>Inward commuting from neighbouring districts is important; some level of outwards commuting too</p>	Population and employment growth are much more dynamic than the German average	<p>Lower share of people living in poverty than the German average, but growing income inequality and social polarisation</p> <p>Social integration with neighbouring districts</p>
France	Nord-Pas-de-Calais (rural)	4 million inhabitants (fourth largest French region) Total area of 12,000 km ²	<p>Compared to other French regions, it is ranked 4th in GDP, but only 24th (out of 28) in GDP per capita</p> <p>Clear dominance by the service sector; automotive, textile, coal, transport, trade and health are important sectors; agriculture is still dynamic</p>	<p>1.5 million employees</p> <p>Clear dominance by the service sector</p> <p>Considerably higher unemployment rate, including long-term, than the French average</p>	No information available	No information available
	Saint-Omer (employment area)	120,000 inhabitants	Strong concentration and specialisation	<p>44,000 employees</p> <p>Strong dependency on a few large employers</p> <p>Considerable decrease in industry employment</p> <p>High proportion of blue-collar workers</p>	No information available	No information available
Italy	Tuscany	3.7 million inhabitants Total area of 23,000 km ²	<p>One of the most industrialised regions in Italy; the textile sector is very important</p> <p>Dominance of SMEs, with high level of specialisation and cross-company division of work based on personal relationships and trust ('industrial district')</p> <p>Exports are very important, particularly for the textile sector</p> <p>Low level of innovation</p>	<p>Clear dominance by the service sector</p> <p>Better labour market performance than the Italian average</p>	<p>Slow GDP growth and decreasing labour productivity, but slightly better development in the recession than the Italian average</p> <p>Decline in industrial employment is stronger than the Italian average</p>	<p>Less dynamic population growth than the Italian average</p> <p>Ageing population with a dependency ratio above the EU average</p> <p>High immigration, particularly from Albania, Romania and China</p> <p>Since the crisis, families' economic situation has worsened: falling income, rising relative poverty, increasing share of households not able to settle unexpected expenses, decreasing share of households able to save</p>

Country	Region	Extent of region	Economy	Labour market	Economic/ labour market dynamism	Quality of life
Italy	Prato (employment area)	250,000 inhabitants Total area of 360 km ²	Mainly based on industry, notably textiles; cluster of highly specialised companies characterised by cooperation along the value chain and competition within each level Chinese immigrants make an important contribution to the Prato economy (including unregistered companies and workers)	Higher employment rate, but until recently also higher unemployment rate than the Italian and Tuscan average	Shift from manufacturing to service sector Sharp slowdown in the last decade due to decreasing competitiveness in international markets During the recession, better development than the regional average	Highest immigration level within the region and strong concentration of Chinese immigrants
Sweden	Trollhättan (urban)	55,500 inhabitants	Compared to the national average, there is a heavy dependence on industry Few start-ups	Strong dependency on a few large employers Highest unemployment level in Sweden	Shift from manufacturing to service sector Increasing unemployment rate	Strong local bonds
Slovenia	Pomurje (rural)	118,000 inhabitants	Low GDP, value added and income; least favourable economic situation among Slovenian regions Textile, food and metal are important sectors; agriculture is still dynamic	Strong dependency on a few large employers High unemployment, particularly among young people Low education levels	Relatively stable sectoral division Slower growth than the national average, but slightly better recovery since the recession	Least favourable social situation among Slovenian regions, but poverty level comparable to the national average

Note: For statistical economic and restructuring indicators, see Annex 3.

Source: Eurofound, based on case studies

Regional policy and institutional setting

The extent of the regions (geographically and in terms of number of inhabitants) and their economic and labour market characteristics differ greatly across the case studies, and so do their institutional settings and general economic and labour market policy orientation. This can be attributed, on the one hand, to national structures and their objectives (for example, autonomy granted to regions by the national actors) and, on the other, to the economic and labour market characteristics described above. The combination of both results in a situation where, for example, in the case of Slovenia, it is noted that due to the small size of the country and its less-developed regional political structures, regional policy is mainly shaped by national-level actors. In contrast to this, other case studies identify many local and regional actors involved in the general policies of the region, but with different levels of power and autonomy. In general, the issue of path dependency must not be neglected, as it takes time to implement changes in institutional settings and policies.

The following main types of institutional actors relevant to regional economic and labour market development have been identified from the case studies:

- regional governments (in the case of Germany, federal states) responsible for regional development policy, economic and industrial policy, innovation policy (including research and development), labour market policy (including education and training) and social policy (including family issues and integration);
- local governments that are, as in the Hamburg case, shareholders in public and private enterprises relevant to the implementation of economic and labour market strategies in the region, through the provision of services of public interest or by supporting the regional economy (for example, investment companies offering equity, loans or guarantees);

- regional economic development agencies aimed at developing the region through strategic planning and the provision of targeted support;
- sectoral, business and employer organisations;
- regional trade union branches.

Regional multistakeholder cooperation

Policy-oriented regional multistakeholder cooperation can be a basis for anticipating and managing restructuring. For example, the German Hamburg region has followed a sectoral diversification strategy since the 1980s, when the government decided to turn away from the exclusive focus on the port and maritime sector to seek job creation opportunities in promising new sectors. This resulted, among other outcomes, in the establishment of a regional Economic Promotion Agency and focused cluster strategies that support (for example, via networking, financial support for innovation, skill development, R&D, start-ups and infrastructure) sectors with growth potential, strengths and opportunities. Since 2001, this has included the aviation sector. This strategic approach is implemented by the government and its authorities in cooperation with other regional actors, such as various employer organisations (Hamburg Chamber of Commerce, Hamburg Industry Association, the sectoral representation Nordmetall) and the regional branch of the trade union covering the aviation sector (IG Metall Küste). While each of the actors has their own priorities, objectives and interests, the long tradition of cooperation resulted in a relationship of trust, which enhanced the opportunity to establish activities of joint interest and concern.

Background to the restructuring events

In all of the analysed cases, the background to the restructuring was a combination of developments in the macroeconomic environment and internal company issues (Table 10). The macroeconomic developments include a transition to the market economy in the Slovenian case study; increased international competition in the French and Italian case studies; global sector growth and government strategies in the German case study in contrast to a Europe-wide decline in demand in the Italian case study; and the global economic and financial crisis in the Italian and Swedish case studies. The internal company issues were production decisions in the German and Swedish case studies; unfavourable financial management in the Slovenian and Swedish case studies; and organisational deficiencies in the French and Italian case studies.

The case studies also show that such combinations of drivers can force well-performing companies to change and adapt, resulting in restructuring with positive (as in the German case study) or negative (as in the French and Slovenian case studies) effects on the firm and its employees, at least in the short term. At the same time, restructuring is not a single event in most cases, but rather a series of events with continuous or repeated implications for the region.

Table 10: Main drivers of the restructuring events in the case studies

Case study	External company drivers	Internal company drivers
Germany Hamburg <i>Aviation sector</i>	Global growth of the sector and promising growth prospects Government strategies at national and regional/federal level favourably support the sector	Objective to expand global market share and introduce a new aircraft to better challenge the main competitor
France Nord-Pas-de-Calais (Saint-Omer) <i>Arc International</i>	New international competition (together with more general market and exchange rate developments), resulting in decreased sales price and demand International political decisions (trade embargo) affecting internationalisation strategies	Organisational model is not suitable in the changed market (internalisation of many activities, paternalistic management) Unfavourable management decisions (vertical integration, diversification)
Italy Tuscany (Prato) <i>Prato Textile Industrial District</i>	Decline in demand affected important export markets and customer segments, further enforced by the global economic and financial crisis Increased international competition (including Chinese entrepreneurs immigrating to the region) and exchange rate developments are unfavourable for European manufacturers	Management decisions related to specialisation, concentration, international expansion and innovation
Sweden Trollhättan <i>Saab Automobile</i>	Global economic and financial crisis, exacerbated by the strong dependency of the Swedish car industry on the US market	Liquidity problems due to overproduction and an unfavourable sales strategy for 20 years
Slovenia Pomurje <i>Mura</i>	Financial burden of labour-intensive production due to being confronted by the market economy	Liquidity problems (due to a focus on a costly workforce and low value-added manufacturing) and increasing indebtedness Insufficient control of international subsidiaries, resulting in the need to cover bankruptcy costs

Source: Eurofound, based on case studies

Anticipation of and preparation for the restructuring

Company perspective

The companies in the case studies had different ways of anticipating and preparing for the restructuring. For example, the companies in the Italian Prato Textile Industrial District have not been proactive towards change and have been reluctant to restructure, even though they observed the developments in the region and sector and saw that their regional competitors were affected. The restructuring at Mura in Slovenia was done without much planning or coordination; however, a restructuring plan was drafted as a precondition to receiving state aid. On the other hand, the restructurings at Airbus (Germany) and Arc International (France) have been strategically decided on and planned for.

Following the European Commission's recommendations for various actors in the preparation and implementation of a restructuring plan, as summarised in the Quality Framework (QFR) on restructuring (European Commission, 2013), the anticipation activities observed in the project case studies mainly relate to strategic long-term monitoring of the company and market developments as well as to measures targeting individual employees. This might also be the reason for finding fewer examples of company-level anticipation in the Italian case study, since the Prato Textile Industrial District is made up of a huge number of SMEs, which are generally less able to establish formal, strategic mechanisms to anticipate change and develop written restructuring plans due to their more limited resources (Eurofound, 2013).

The QFR in practice: Employer anticipation of change

In preparation for operating the new production line, the Hamburg subsidiary of Airbus undertook skill development activities for its staff, conducted research, and established cooperation and marketing activities that were needed later on in the implementation of the restructuring.

Similarly, in 2004 the French Arc International started to plan restructuring activities that were intended to be implemented between 2006 and 2008, with the plan providing sufficient flexibility to be continuously adjusted later on to respond to short-term developments. As such plans normally tend to be short term and tend to be implemented immediately, this approach was quite anticipatory. The planned measures sought to improve the company's competitiveness and hence sustainability, while at the same time supporting employees in their internal and external mobility. The activities were implemented with strong cooperation with other local actors.

Regional perspective

In addition to company activities, the anticipation measures of other actors involved in the restructuring from a regional perspective are of interest to this study. Indeed, in the Swedish and Slovenian case studies, it is reported that due to the serial nature of the restructuring event, considerable media attention or simply the strong familiarity with the major employer in the region, the ongoing company problems had been well known to regional public and private actors, allowing for the timely establishment of mechanisms to cope with the consequences. In contrast to that, the announcement of the first social plan at the French Arc International came as a surprise to everyone, even though in retrospect anyone could have foreseen that the business model was no longer sustainable, as some early warnings would have been visible.

Across the case studies, various stakeholders in the regions took action to prepare on time for the potential consequences of the forecast large restructuring. Due to the methodological limitations of the project (see the discussion of methodology in the Introduction), no comprehensive analysis on the anticipation phase of the restructurings can be provided, but the box below includes some examples of measures by diverse actors along the European Commission's QFR (European Commission, 2013; see Annex 4).

The QFR in practice: Anticipation of change

Social partners and sectoral organisations

Social partners and sectoral organisations prepared measures targeted at individual workers and developed measures to promote internal and external mobility. In the Italian Prato Textile Industrial District, trade unions and employer organisations jointly succeeded in convincing the government to extend the Wage Guarantee Fund to artisans and small enterprises (less than 15 employees) and to extend the amount of time benefits could be received. The priority for trade unions and employer organisations was to support workers' income and to keep qualified workers linked to their enterprises in order to be prepared for the economic recovery. This helped to moderate the impact of the crisis on the labour market, as companies did not have to lay off parts of their workforce who agreed to short-time working in exchange for income compensation through public budgets.

National and regional authorities

National and regional authorities prepared measures to target individual employees and to promote internal and external mobility. During the economic crisis, the Swedish government established a national preparatory organisation for announcements of redundancies, with action plans for affected regions in order to ensure that affected regions would

receive the support needed through pre-established collaboration between employers, job security councils, social partners at local level, representatives from regions and municipalities. The aim was to enable timely and continuous updates of the current situation and to advise the government on what measures to take.

National and regional authorities also undertook measures to promote regional economic adaptation. For example, when in June 1997 the City of Hamburg applied to become one of the major production sites of the A380 aircraft, it had to compete with a number of cities across Europe. At a later stage, the German national government strongly supported Hamburg in line with its general strategy of fostering the regional aviation cluster to fully exploit its growth potential. The regional government committed to covering all the costs (an estimated €1 billion) to develop the production site, including infrastructure development. The government was convinced that these costs would easily be repaid in terms of employment effects, tax revenues and rents paid by Airbus, in spite of the fact that forecasts and anticipatory research underpinning these assumptions were controversial.

Aware of the potential difficulties for the French Arc International, the local development agency, on the basis of the findings of a local audit pinpointing the strengths and weaknesses of the area, adjusted its services to develop the employment area and attract new businesses. Local development plans were drafted to define the regional strategies for business creation and transfers, cluster development, R&D, support for internationalisation or access to ICTs. Each year between 2007 and 2012, there were between 90 and 170 projects or applications, with a total estimated job creation of about 2,200 jobs. These activities and the related cooperation structures facilitated the establishment of a 'crisis governance' in the Arc International restructuring later on.

In 2007, the Swedish government decided on a bill aimed at developing Saab's Trollhättan region to sustain and foster the automotive industry. The package included investments in R&D, education and infrastructure (extending highways and establishing a double railway track).

In 1999, the Slovenian government carried out studies on the economic situation that identified labour-intensive sectors as those with the greatest need for restructuring. In the textile sector, it was identified that investments in technological development, product development and marketing, as well as modernising work organisation and adapting employment structures were needed. A company aid package was launched, accompanied by active employment policy measures to deal with the inevitable redundancies. Nevertheless, as regards the specific restructuring at Mura, the government did not have a specific strategic plan in spite of regularly visiting the firm and expecting the bankruptcy a long time before it happened.

To conclude, it must be noted that other actors – that is, actors not covered by the European Commission's QFR – were also involved in the regional anticipation of the studied restructuring cases. To illustrate just one example, in the Swedish case study, the job security councils that were deeply involved in the activities taken to counteract the potential negative effects of Saab's closure prepared for the eventuality of a bankruptcy well ahead of time. Being familiar with the region, the sector and the company itself, they suspected that the closure might happen; as a result, they offered the services of potential advisers and coaches and secured additional premises to provide these services, which could be activated in case they were needed.

Management of restructuring from the company perspective

This section briefly describes the management of restructuring at company level, while the wider regional approaches will be discussed in Chapter 4. As would be expected, the restructuring activities were strongly influenced by the type of restructuring, the characteristics of the company and the external framework conditions.

In the business expansion case of Airbus in Hamburg, the restructuring management activities involved the operational expansion of production (including building works at the site, the extension of traffic infrastructure, and networking with local suppliers); an organisational change entailing an international merger that resulted in a new ownership structure; and streamlining and simplifying processes and procedures for efficiency and quality improvements (for example, a cost-reduction programme, outsourcing of various activities, and setting up centres of excellence around the manufacturing sites). Overall, it took about 10 years from the date that Hamburg was first suggested as the location for parts of the new aircraft's production to the delivery of the first new aircraft.

In the cases of Saab in Sweden and Mura in Slovenia, the restructuring management activities dealt with decreasing production to a complete stop and closing the companies. Naturally, this included job cuts. However, both companies looked for alternatives to closing the companies, such as internal reorganisation and modernisation, trying to attract investors or new owners, selling assets in order to have funds to pay wages, establishing daughter companies to which healthy company parts and workers could be transferred, or negotiating with business partners to secure their support. While, in general, such activities were positive (that is, they were aimed at maintaining the company activities and hence jobs), they caused some confusion among workers. In both cases, it was reported that staff took a 'wait and see' approach and did not act immediately, but rather hoped for the firm to recover (this was also due to their strong loyalty towards the employer). This meant that some employees were reluctant to engage in a timely manner with the measures established to deal with the consequences of the restructuring.

In the French Arc International case, the company in crisis launched several activities to improve the business situation, such as investment plans, transferring activities to plants abroad, reducing production and making organisational changes (such as introducing just-in-time production and enhanced automatisisation, and developing R&D and marketing activities). As these resulted in the loss of jobs, social plans were established (in close cooperation with the works council) to support affected employees (see Chapter 4). It is important to mention that the restructuring was influenced by the company owner's strong commitment to the employees and the region, resulting in the objective of not forcing departures. The activities related to the management of restructuring went beyond the company, as agreements were made not only between the company management and the works council, but also involved the local government; this was prescribed by the company's legal obligation to implement a 'revitalisation agreement' in the framework of the large restructuring, and reinforced by the commitment of the company owner to the locality. Interestingly, in spite of Arc International's restructuring being one of the biggest ever in France, one which has lasted for more than 10 years and still continuing, it did not have the same visibility and impact in the media as other social plans.

The QFR in practice: Employee representatives' activities in the management of restructuring

In line with legislation, the management of Arc International announced its decision to implement a social plan to the works council in October 2004. Rather than just providing information and consulting the works council (which is the approach taken by most French companies), the management, unions and elected employee representatives decided to engage in a method agreement. This is a legal option for the stakeholders to negotiate on the method for the information and consultation process in the case of restructuring. Examples include negotiating a time schedule that is longer than that stipulated in the law, or including alternative proposals to management projects and the content of the employment plan. This resulted in a situation in which unions and works councils had more opportunity to influence the restructuring process. It is estimated that between 2004 and 2012, about 800 consultations took place, which clearly shows the intensity of the social dialogue during the restructuring.

In the case study on the Prato Textile Industrial District, little can be said about the management of restructuring at company level, as the focus of this case is not a single company, but rather the cluster of textile SMEs in the region. As mentioned earlier in this chapter (see the 'Overview of analysed regions' section), Prato is characterised by a high level

of immigration, particularly Chinese immigrants, who are also active in the textile sector. While they worked mainly as subcontractors in the 1990s, in the 2000s they moved to designing and selling clothing themselves. This, together with the more general challenges of globalisation and the effects of the economic crisis as well as unfavourable internal structures and management decisions, resulted in a situation where many regional SMEs were not competitive anymore. This caused the need for internal restructuring (concentrating on core competencies, downsizing production, improving product quality and cost-cutting measures, including cutting back the entrepreneur's income and offshoring to low-cost countries) and a considerable number of closures as well as company acquisitions by Chinese firms.

Effects of restructuring at regional level 3

Economic effects

As with any restructuring, the events analysed in the case studies had an economic impact on the restructuring firms (see Table 11). In the German Airbus case, it resulted in a business expansion (manifested by turnover and employment growth) as well as in increased flexibility because the internal restructuring led to the enhanced application of working time accounts, temporary agency workers and skilled service contracts. The Swedish Saab restructuring, in contrast, resulted in the closure of the plant, the discontinuation of production and the sale of all assets to a company in Chinese ownership. While production has started again in this new setting (with one-tenth of the workforce at the time of Saab's bankruptcy), outcomes are not yet known as of early 2014, and both sceptical and hopeful opinions are expressed. In the French Arc International and the Slovenian Mura cases, the restructuring brought about considerable changes in the organisational models, including new strategies, management and ownership structures, as well as ending specific activities and closing production sites. While the restructuring in the French example is still ongoing, the Slovenian firm is facing liquidity problems, so final outcomes were still pending in both cases as of spring 2014.

However, the focus of this project is the outcome beyond the company, that is, the effects on the region. In economic terms, this refers both to the economic situation of the region and to the micro level (that is, the economic situations of other regional businesses). These two are interrelated, and in most cases it is difficult to attribute them exclusively to the restructuring event. Consequently, the following findings should be considered as illustrations and will be discussed qualitatively rather than evidenced by quantitative data, as the latter does not allow individual factors to be singled out.

Little regional economic impact of the restructuring has been observed in the Slovenian case, which is mainly attributed to the fact that the Mura company is not strongly economically anchored in the region in that it has few business relationships with local firms. In addition, supplier companies were well aware of the company's difficulties and searched for alternative business. The other cases, however, do show knock-on effects. The restructuring of the Hamburg aviation sector around Airbus contributed positively to a dynamic GDP, turnover and productivity growth in the region. The region's image as a centre of expertise in aviation has improved, as seen through the considerable turnover growth of the sector and the recognition of its education and training and R&D activities. Furthermore, in parallel to the restructuring, an increased trend for international sourcing became apparent, as the number of local supplier companies decreased due to consolidation processes and restructuring of the value chain (fewer tier one suppliers that now subcontract former tier one suppliers as tier two). Overall, the aviation industry played a major role in the positive development of Hamburg, as it mitigated the consequences of the decrease in other manufacturing industries. It added significantly to the advantages of the region compared to other German regions, especially due to its enhanced R&D and innovation activities, which are not limited to aviation but spill over to other industries.

There were less straightforward effects on the region or local area in the French, Italian and Swedish case studies. In all three cases, the economic situation improved for some sectors or activities (such as business-to-business, healthcare, retail trade or mechanical engineering), while it deteriorated for others (manufacturing). In all three cases, however, there were also new business activities, either through start-ups or relocation into the region. Nevertheless, it has to be noted that these regional or local economic developments cannot be solely attributed to the effects of the large restructuring. Rather, general economic developments, such as the shift towards the tertiary sector (see Chapter 2), political strategies (like the diversification strategy for the local economy reported in the French case study) and social or cultural effects (in the French case a growing demand for local shopping centres), have to be considered.

From the micro-level perspective, all the case studies (except the Italian one, due to its different nature) show important effects on the suppliers of the restructuring companies, mainly SMEs. In the French, Slovenian and Swedish case studies, suppliers had to search for new or additional clients to compensate for the lost business, which partly required the supplier firms to restructure too. This does not seem to have been a big problem in the Slovenian case (due to the lower number of companies affected and less dependency on the restructuring company). In the Swedish case study, the effect on SMEs was limited, as due to the public and media attention the Saab restructuring received, suppliers adapted their business model and workforce structure ahead of time.

In the German case study, increased cost pressure, pre-financing needs, the requirement to deliver larger lots as well as risk-sharing imposed on supplier companies are all a result of the Airbus restructuring, which massively reduced the number of first-tier suppliers and the independence and self-control of the remaining ones. From a business perspective, high dependency on one or a few large clients can be problematic, and some of the regional engineering firms connected to Airbus have already developed alternative markets and adjusted their business models as the large engineering programmes of the new aircraft are completed and successor programmes will probably not be launched before 2025. Furthermore, it is assumed that due to the lead company’s increased tendency to source internationally, suppliers will also be forced to increasingly engage in international trade. All these factors are challenging for SMEs and even threaten their survival due to their more limited access to finance and know-how (about clients, markets, legal aspects, intellectual property rights and so on).

Interestingly, the Swedish Saab bankruptcy fostered the start-up of a specialised engineering consultancy firm, employing previous Saab employees. As of early 2014, the company had about 170 employees and was expanding, including setting up offices in other regions.

These latter two examples show that ‘positive’ restructurings (in immediate economic and labour market terms), like the Airbus business expansion, can still have negative effects on regional businesses, while ‘negative’ ones, like the Saab closure, can have positive effects.

Table 11: *Main economic effects of the restructuring events*

Case study	On the restructuring company	On the region
Germany Hamburg <i>Aviation sector</i>	Business expansion Reorganised production and value chain processes Increased flexibility due to flexible staff (temporary agency workers, skilled service contracts)	Dynamic GDP, turnover and productivity growth Improved image of the region’s aviation sector Enhanced R&D and innovation activities in the regional economy (going beyond aviation) Considerable reduction in the number of first-tier suppliers (consolidation) and high dependency of suppliers on the few large aviation companies Trend towards international sourcing Increased cost pressure on suppliers is challenging for SMEs Trend to impose risk-sharing on suppliers, which threatens SMEs’ survival
France Nord-Pas-de-Calais (Saint-Omer) <i>Arc International</i>	Changes in company structure and organisational model Cessation of activities and sale of premises	Increased activities in the business-to-business sector due to outsourcing Enhanced retail trade activities Creation of new companies and jobs Need for SMEs to search for new clients (not always successful)
Italy Tuscany (Prato) <i>Prato Textile Industrial District</i>	Substantial decrease in the number of textile enterprises, turnover and exports Increase in the number of clothing enterprises (especially due to the expansion of Chinese business in the region) Mechanical engineering replaces the fashion industry as the leading economic sector	
Sweden Trollhättan <i>Saab Automobile</i>	Closure Assets sold and used for production for the Chinese market	Decrease in manufacturing Increase in service sectors (notably healthcare and retail trade) Suppliers restructuring to become attractive to other automotive firms Establishment of an engineering consultancy with former Saab employees
Slovenia Pomurje <i>Mura</i>	New strategic orientation towards marketing, risk reduction, new sales channels New management team due to tensions with new owner Liquidity problems	Not many effects due to limited local networks Few local suppliers lost business, but found ways to compensate

Source: Eurofound, based on case studies

Labour market effects

As regards the restructuring effects on the affected workforce, the business expansion of Airbus led to employment growth, particularly in the fields of production and assembly and engineering. This was only partly achieved through direct hiring (mainly of white-collar workers); it mostly arose through the enhanced use of temporary agency workers, whose numbers reached 5,000 to 6,000, or one-third of the overall workforce, and who were mainly engaged in production, painting, coating, assembling and administrative white-collar jobs. The considerably increased demand for engineers was satisfied through skilled service contracts with specialised external companies. In spite of this externalisation of some work, core staff had to cope with competition within and between teams, overtime work and an intensification of work processes (due to project-related deadlines and high pressure on efficiency), which is often experienced as a result of restructuring (Eurofound, 2013).

Due to the nature of the restructuring events in the other case studies (bankruptcy, closure or downsizing of production), these resulted in direct job loss in the restructuring companies. In all cases, however, many of the redundant employees could be transferred to other employers, take on self-employment or enter pre-retirement.

In the French Arc International, nearly 6,000 jobs have been lost in the company in a decade of restructuring, but there were no forced departures (instead there were pre-retirements and younger workers leaving the company to search for job opportunities elsewhere). By 2012, the company's workforce was about half the size it was 10 years previously. Nevertheless, during the restructuring, the company was still recruiting, mainly younger and better-skilled staff. Consequently, the restructuring led to a lower share of blue-collar workers (a decrease of 14 percentage points in their share of the total workforce between 2002 and 2012) and older workers (the share of those aged 55 and over dropped from 8% in 2006 to 4% during 2008 to 2010) in the firm.

In the Swedish Saab case, the company employed about 3,000 workers when they filed for bankruptcy. However, when the previous restructuring events are also taken into account, the total number of employees affected by the restructuring amounts to about 8,000 over a period of 11 years. Similarly, the latest restructuring of Mura in Slovenia caused about 3,700 job losses over 2004–2014, but when the longer time perspective of 1997–2014 is taken, the number reaches about 5,000.

As with the regional economies, the large-scale restructurings also had regional labour market effects beyond the companies' boundaries (see Table 12). Due to its relationship with local supplier networks, the Airbus business expansion triggered significant employment growth in the region, mainly in the aviation sector, while the manufacturing sector in general experienced job loss. Available data (HWWI, 2012) show that compared to other major German cities, the loss of industry jobs was lower in Hamburg, which is largely attributed to aviation. Between 2000 and 2013, the Hamburg manufacturing sector lost about 14,000 jobs, while aviation experienced an employment growth of 9,500 and was responsible for about one-tenth of all job creation in the region (source: German Federal Employment Agency). This is attributable not only to the main large employers, but also to the knock-on effects on the SMEs in the cluster; hence, jobs were created in supplier companies in the region.

On top of that, jobs have been created in other sectors, such as engineering, logistics and design as well as in temporary work agencies due to outsourcing activities. Studies estimate that each aviation industry job creates about 0.6 additional jobs in the region and 1.1 additional jobs in Germany (Bräuninger et al, 2010; HWWI, 2012). While such data are not available for the other case studies, the knock-on job effects in regional firms connected to the restructuring companies can be deduced from the fragmented available literature. Wood (2006), for example, finds that when the Vauxhall car plant closed in Luton, UK, in 2002, there was a direct loss of slightly more than 2,000 jobs as well as an indirect loss of about 560 additional jobs.

In the other cases, where the immediate employment effects were more negative – redundancies – the job losses in the region have been cushioned. In practice, job loss (mainly in the sectors of the restructuring companies and their direct suppliers) was lower than the number of workers made redundant from the restructuring companies, as workers could transition to other employers. Of the workers who lost their jobs in the Saab restructuring, more than 80% found a new job or started their own business. White-collar workers have been more successful than blue-collar workers, who are, in turn, more engaged in educational measures. In spite of that, the region has an unemployment rate that is well above the national average, and the question arises regarding the labour market integration potential of those who were unemployed before the Saab bankruptcy and who have not benefited from the regional strategies to deal with this restructuring.

In the French case, the local net job loss is estimated to be ‘only’ about 1,000 in spite of the reduction of nearly 6,000 jobs by Arc International (or even 7,700 when also considering major restructuring in other local sectors). Excluding the direct job loss at Arc International, Saint-Omer even saw private sector employment growth of more than 10% within the decade, while other regions experienced a private sector employment decline. This shows the success of the regional measures taken to cope with the effects of restructuring (see Chapter 4).

In the French case study, it was found that while the job loss mainly affected the manufacturing sector, new jobs were created in the service sector (notably business-to-business services and retail trade), with an increase of 23% in 10 years. This is in line with the increased activities in the business-to-business sector, mentioned above, and is seen as a manifestation of the ‘shared will for a diversification of the local economy after so many years of mono industry’ (L’Echo de la Lys, 2013). It also reflects more general social and economic developments; for example, there had been a local lack of large trade facilities, which has now been improved by establishing shopping malls. This development increased the number of female workers in the region, although the share of female employment is still below the national average.

In the Slovenian Mura case, the more than 2,400 redundant workers registered with the public employment service at the time of bankruptcy finally resulted in ‘only’ 600 being unemployed. However, these are the hard-to-place long-term unemployed. The majority of them are female, older and with low educational attainments (as is widespread in the region; see Chapter 2) and mainly wait to reach retirement age. The overall net job loss was cushioned not only by the regional approaches to tackle the effects of restructuring (see Chapter 4), but also by the coincidence that shortly before the bankruptcy, three international companies settled in the region and had workforce needs just at the moment that Mura’s workforce became redundant.

As regards job quality, in the German case study, it was observed that the newly created jobs in the aviation sector are generally more high skilled and characterised by good wage levels. However, transitions from unemployment or other sectors to aviation is deemed to be difficult due to the high and specialised qualification profiles, and the larger regional companies in particular tend to recruit at national or international level rather than locally. This is a challenge for the regional SMEs, which experience a shortage of skilled labour due to difficulties attracting talent. In the Italian Prato region, it was also observed that transitioning from the textile sector, which experienced considerable job loss due to restructuring, to the clothing sector, which developed successfully during the same period, was not really an option for the affected workers. The reasons for this were the much lower pay and poorer working conditions in the prospering sector and the fact that these businesses were mainly run and staffed by Chinese immigrants, who tend not to recruit Italians.

The newly created jobs in Hamburg are temporary agency jobs and skilled service contracts, which is in line with the general developments in the aviation sector, as companies prefer a flexible workforce to better cope with market fluctuations. Gibson et al (1999) also observed this change in work organisation in their analysis of big restructurings in two Australian regions. They note that the restructurings resulted in less availability of permanent jobs and increased insecurity of employment, which drove those in employment to work harder and longer hours. Similarly, as a result of the closure of the Wylfa nuclear power station and Anglesey Aluminium in Anglesey (Wales, UK), Dobbins et al (2013)

find decreasing average wages in the region, as the remaining employment sectors (agriculture, food, tourism and retail) are relatively low paid and often precarious, seasonal and short term, while the closed plant paid wages that were considerably above the average.

While in the French and Slovenian case studies increased mobility of workers, who commute to jobs further away, has been observed (even if this is not exclusively attributed to the restructuring), workers in the Swedish region around Saab have been reluctant to commute to another workplace, and this is only slowly changing. In contrast to this rather homogeneous mobility behaviour in the case studies for this project, Dobbins et al (2013) classify three different mobility patterns among the regional workforce as a result of the closure of the Wylfa nuclear power station and the Anglesey Aluminium in Anglesey, Wales. Among the redundant workers, some migrated out, using global employment opportunities offered by the company's parent company, while others took on employment in other regions, resulting in long-distance commuting for work. The third category of workers decided to stay local, for example because of family ties, and took on whatever job became available in the local labour market. In many cases, the latter resulted in low-paid, short-term jobs requiring lower skill levels.

In the Slovenian Mura case, the company restructuring fostered a general atmosphere of mistrust and pessimism among the regional workforce. Together with the generally low educational levels of the workers, this has resulted in low flexibility of the workforce and resistance to change.

Table 12: *Main labour market effects of the restructuring events*

Case study	On employees of the restructuring company	On the region
Germany Hamburg <i>Aviation sector</i>	Increased use of flexible workforce: temporary agency workers (up to 5,000–6,000, or about one-third of the total workforce) and skilled service contracts Increase in overtime work and intensification of work processes for core staff	About 9,500 jobs created (net) in the aviation industry, and induced job creation in other industries Trend towards temporary agency jobs and skilled service contracts New jobs show comparatively high qualification and good wage levels, making transition from other sectors and unemployment difficult SMEs particularly experience difficulties in attracting talent due to skill shortage and competition from larger, more attractive employers
France Nord-Pas-de-Calais (Saint-Omer) <i>Arc International</i>	Nearly 6,000 unforced job losses in 10 years New recruitment of younger and more skilled staff Decrease in blue-collar and older workers	Only about 1,000 net jobs lost, mainly in the glass sector but also in the paper sector Job creation in services (trade, consultancy, transport, restaurants); more female workers Increased mobility within the region to commute to work (which is not solely attributable to the restructuring)
Italy Tuscany (Prato) <i>Prato Textile Industrial District</i>	About 8,700 job losses in the textile sector between 2001 and 2007 About 2,800 net job creation in the clothing sector between 2001 and 2007 Employment shift towards the service sector Increased use of the Wage Guarantee Fund	
Sweden Trollhättan <i>Saab Automobile</i>	About 3,000 job losses at the time of the bankruptcy; about 8,000 employees affected by the overall restructuring during 11 years Transitions to self-employment, training, retirement	Increase in unemployment Workforce averse to mobility, but gradually changing
Slovenia Pomurje <i>Mura</i>	About 3,700 job losses between 2004 and 2014, or 5,000 between 1997 and 2014 About 1,600 workers transferred or re-employed Wages, working conditions and participation unchanged	About 600 long-term unemployed, mainly older and less well-educated workers Increase in social assistance, but relatively low Some staff have transitioned to other regional employers, mainly companies that were newly established just before the bankruptcy Mistrust and pessimism are prevalent among local workers Some daily commuting for work to Austria (which is not solely attributable to the restructuring)

Source: Eurofound, based on case studies

Social and other effects

In addition to focusing on economic and labour market effects, another aim of this project was to investigate other consequences of large-scale restructuring for regions (see Table 13). While such developments are difficult to attribute to a single restructuring event, a few examples can be given.

After the restructuring of Airbus, the Hamburg region experienced a population increase, notably of highly qualified people, which was probably triggered by its improved image as a place to live and work (interestingly, the population of the Swedish Trollhättan region is also increasing in spite of the Saab bankruptcy and resulting labour market challenges). There were also improvements in infrastructure, for example, in public transport and area revitalisation, which have had positive effects on sectors such as construction, tourism and retail. Purchasing power is increasing due to the comparatively high wages. Related to that, Hamburg and the surrounding districts are also experiencing rising income due to wage and business taxes and individual spending of high earners. The dynamic development of the aviation sector also demands that the skills of the workforce continuously adjust to technological progress and innovation, which has enhanced the offering of further education and training courses. Indeed, Hamburg has become a leading centre of initial and further training for aviation-specific occupations in Germany, with vocational education and training (VET) schools, universities and technical colleges offering targeted courses and an increase in the number of engineering students (Bundesministerium für Wirtschaft und Technologie, 2010).

These developments support the initial project hypothesis on the ‘reinforcing circle of economic, labour market and social developments’ (see Figure 1).

In contrast to this, the other effects of the Arc International restructuring (France) do not seem to be interrelated, but resulted from the restructuring in a less traceable way. For example, some of the firm’s vacated premises have been bought by local authorities and knocked down. This has completely changed the appearance of the city, which was closely linked to the factory for a long time. Furthermore, two higher education centres that had been established and financed by the company could no longer be maintained by the firm, but they did not have to close as a (public) university took them over. Finally, the share of tax-paying households decreased between 2001 and 2009 and the share of pensioner households increased.

Another example of the effects that large-scale restructuring can have on a region is its influence on the social and demographic structure of the region. In the French case study, it can be seen that due to the redundancies and the related pre-retirements, the employment area is now characterised by an increased number of pensioners.

In the German case study, it is reported that in spite of the generally positive development of the region, Hamburg is among the urban areas with the largest income and social inequalities, and these have increased during the last decade. This is illustrated by comparatively high levels of unemployment, high numbers of people living on social benefits and in poverty, labour market segmentation and social deprivation. In the Italian, Slovenian and Swedish case studies, there is an increasing trend of relying on social welfare and other benefits, pointing towards growing poverty and an increasing burden on the public budget. In the Swedish Trollhättan region, the budgetary pressure is eased by a tax income equalisation system in which tax income in wealthier municipalities is redistributed to poorer ones. This region also reports an increasing crime rate since Saab’s bankruptcy, but direct links to the restructuring are difficult to establish.

A similar social development was noted by Gibson et al (1999) in their analysis of big restructurings in two Australian regions. In spite of considerable differences between the two regions as regards the pace of change, the type of change and the ways in which the communities were coping with the change, social polarisation occurred in both. The gap between the rich and the poor widened both in assets and income. More middle-class people, particularly families with

40- to 50-year-old breadwinners, were seeking housing assistance. Inhabitants were more reluctant to commit to long-term borrowings and invest in, for example, housing or home improvement. At the same time, those in employment noticed increased work pressure, resulting in less time spent with their families or devoted to the community.

The Slovenian Mura restructuring led to a cutback in public transport as it was no longer required. Buses previously used by Mura workers to get to work were either retired or used for other routes. Furthermore, a textile technician vocational programme was discontinued in the local vocational school when Mura first announced that it would stop employing new workers in the second half of the 1990s. Beyond that, it has been observed that living conditions, public income and public service provision have not changed much due to the restructuring.

Table 13: *Main social and other effects of the restructuring events*

Case study	Effects
Germany Hamburg <i>Aviation sector</i>	Increased population Improved image of the region as a good place to live and work Increased purchasing power Improved infrastructure Improved range of education and training courses on offer Considerable and increasing income and social inequalities
France Nord-Pas-de-Calais (Saint-Omer) <i>Arc International</i>	Transformation of the city's appearance as the factory that had long been linked to the region was knocked down Two education centres established by the company have been bought by a public university Decrease in the share of tax-paying households Increased number of pensioners
Italy Tuscany (Prato) <i>Prato Textile Industrial District</i>	Increased share of households not able to save or cope with unexpected expenses Increased reliance on social and other benefits (which is not solely attributable to the restructuring)
Sweden Trollhättan <i>Saab Automobile</i>	Increased reliance on social and other benefits
Slovenia Pomurje <i>Mura</i>	Reduction in public transport Discontinuation of a vocational training programme Increased reliance on social and other benefits

Source: Eurofound, based on case studies

Regional approaches to dealing with the consequences of large-scale restructuring 4

Types of measures implemented

Across Europe, several permanent local and regional multistakeholder strategies and operational measures exist that, anticipating future developments in the economy and labour market, aim to foster economic competitiveness, support the labour market into the future and uphold the social fabric. The following are some examples from the **ERM database on restructuring support instruments**:

- various initiatives supporting the establishment or running of (sectoral) business clusters or industrial areas, such as the Göteborg Business Region in Sweden, the Greek Business Clusters (Επιχειρηματικοί Συνεργατικοί Σχηματισμοί-Clusters) or the Luxembourg Cluster Initiative;
- Territorial Employment Pacts, which foster regional partnerships and joint marketing, entrepreneurial activities or regional upskilling to strategically stimulate job creation;
- assisted area agreements (*contratti d'area*) in Italy, which foster local development by encouraging entrepreneurial activities or improving road and electricity infrastructure;
- local economic development and enterprise initiatives (*helyi gazdaságfejlesztési, vállalkozásélénkítési kezdeményezések*, HGVK) in Hungary that encourage local self-organisation and initiative, with the aim of reviving the local economy and rural life by offering methods and techniques that facilitate collective thinking, solving conflicts and aligning interests;
- the joint project for the improvement of the regional economic structure (Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur) in Germany, which is a framework agreement between the federal and regional governments under the Act on the Improvement of the Regional Economic Structure to identify structurally weak regions that are eligible for EU funding and set up frameworks for regional aid and investment policies;
- employment centres (*maisons de l'emploi*) in France, which are aimed at developing territorial strategies and implementation measures on employment, anticipating economic change, supporting local employment development, reducing social and cultural barriers to employment, and improving the support provided.

Such initiatives are comparatively well documented and researched at European level and beyond, notably by the OECD's Local Economic and Employment Development (LEED) programme.⁹

Some European directives dealing with provision of information and consultation with employees and their representatives, transposed into national law, are also relevant to the anticipation of restructuring at regional level as they involve regional actors. These include Directive 98/59/EC on collective redundancies, Directive 2001/23/EC on employees' rights in the event of transfer of undertakings and Directive 2002/14/EC on information and consultation related to the anticipation and prevention of crises.

In contrast to these proactive approaches to preparing the regional economy and labour market for future events, there are few examples of permanently available regional multistakeholder structures that could be activated in case of emergency – that is, to manage and tackle large-scale restructuring events and their effects outside the company.

⁹ For more information, see <http://www.oecd.org/cfe/leed/>.

Permanent interventions to tackle the effects of restructuring at regional level

The European Globalisation Adjustment Fund (EGF) provides financial support in the case of major structural changes leading to serious economic disruption.¹⁰ One of the intervention criteria (Article 4b) has a regional dimension and makes the fund accessible for situations of at least 500 redundancies over a period of nine months in a NACE 2 sector within one or two contiguous NUTS 2 regions, particularly if SMEs are concerned. In small labour markets or exceptional circumstances, particularly if SMEs are concerned, financial support might also be provided if the necessary criteria are not fully met but the restructuring has important effects on employment and the local, regional or national economy.

EGF funding can be used for job search assistance, occupational guidance, training, outplacement assistance, entrepreneurship promotion, support for self-employment, allowances for job search, mobility or training, and for measures targeted at disadvantaged or older workers to remain in or return to the labour market. The responsibility for applying and implementing EGF funding lies with the relevant authorities in the Member States (national ministries in cooperation with regional and local authorities and other stakeholders), which are also required to provide co-funding. Out of the 97 applications the EGF received between 2007 and 2011, 51 concerned the above-mentioned regional dimension (European Commission, 2012b). Thirty-six applications were received from EU15 countries (out of a total of 84 from these countries), mainly from Spain (15), the Netherlands (9) and Italy (7); the remaining 5 were from EU12 countries (out of a total of 13), namely Lithuania and Poland. Most of the applications (36) were crisis related. The applications concerned a total of around 49,800 affected workers, with an average of around 980 per application.

In Austria, work foundations (*Arbeitsstiftungen*) are a general restructuring support instrument based on legislation and jointly funded by the restructuring enterprise and public authorities to provide redundant workers with comprehensive reorientation, reskilling, matching and psychological support. These offer a regional approach. If restructuring affects several regional SMEs, which by themselves would lack a critical mass of affected workers, a regional work foundation (*Regionalstiftung*) can be set up, with strong involvement from the employers, the regional public employment service and social partners (Directorate-General Employment, Social Affairs and Equal Opportunities/Héra, 2011).¹¹

In the framework of site contracts (*contrats de site*), the national and regional governments in France enter into active partnerships with local economic players to provide a rapid and appropriate response to restructuring with strong local socioeconomic impact. The contract specifies the role and financial commitment of each partner (Directorate-General Employment, Social Affairs and Equal Opportunities/Héra, 2011).¹²

The Slovenian Foundations for the Improvement of Employment Opportunities are charged with improving employability and redeploying workers who are at risk of losing their jobs. In cooperation with local and regional stakeholders, including social partners, they aim to strengthen networking among the local actors in order to reintegrate workers who become redundant into the labour market. They are private organisations but are co-financed by national and local governments and regulated by the Labour Market Regulation Act (Directorate-General Employment, Social Affairs and Equal Opportunities/Héra, 2011).

¹⁰ See Regulation (EC) No. 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund, amended by Regulation (EC) No. 546/2009 of 18 June 2009 and Regulation (EC) No. 1309/2013 of 17 December 2013.

¹¹ See the ERM database on restructuring support instruments (outplacement) at http://www.eurofound.europa.eu/emcc/erm/supportinstruments/instruments/view/136/austria_work_foundation_outplacement.

¹² See the ERM database on restructuring support instruments (site contracts) at http://www.eurofound.europa.eu/emcc/erm/supportinstruments/instruments/view/475/france_site_contracts.

The widespread lack of permanently available regional support to tackle the effects of large-scale restructuring outside the company and to support employees who are directly affected implies that there is an urgent need to identify the most important challenges, then to discern and design suitable instruments and to put them into operation (ideally with multistakeholder involvement). Needless to say, this should happen as quickly as possible to make the restructuring as smooth and painless as possible.

As mentioned in the Introduction, the case studies were selected on the basis that regional measures actively targeting the effects of the restructuring on the regional economy and labour market have been implemented. All regions did so not by applying a single, isolated instrument, but through a combination of measures that jointly addressed the various challenges arising from the restructuring. Such regional approaches to cushion the effects of restructuring are particularly important when the restructuring company is not in a position to take these steps. For example, this happens if the firm does not have the necessary resources (as was observed for the numerous affected SMEs in the Italian case study) or ceases to exist (as in Saab's closure in the Swedish case study).

In the German and French case studies, the approaches taken to cope with the restructurings are much more in line with the general regional economic and labour market policy focus. This could be seen as the 'pragmatic approach' to deal with the dilemma of not having permanently available regional restructuring support while having to react quickly to an upcoming economic and labour market problem. In these cases, existing frameworks were used as much as possible and adapted to the restructuring situation.

Hamburg follows a policy that fosters innovation and growth and strategically supports the aviation sector (among other sectors). This is done by providing support for R&D and skill development, cluster and networking initiatives. In line with that, measures provided in the framework of the Airbus restructuring involved the establishment of an aviation cluster. Similarly, in the Italian Prato case study, the facilitation of partnerships is high on the political agenda due to the industrial character of the regional economy.

The QFR in practice: National and regional authorities' facilitation of partnerships

In light of the perceived growth potential of the aviation sector and after deciding to locate parts of the production site for the new aircraft in Hamburg, in 2001 the local government founded a cluster initiative that brings together all relevant private and public actors in the field of aviation (employers, business associations, economic promotion agencies, local government, universities, research centres, engineering and service providers, vocational training institutes and private employment agencies). As of March 2014, the cluster had 100 corporate members; it acts as an important label and lobbying body and is one of the largest cluster initiatives in Europe. The cluster implements and coordinates the acquisition of funds and offers networking and exchange opportunities in R&D, training and qualification as well as enterprise support services.

In 2011, regional and local governments in Tuscany established a permanent round table (Tavolo Istituzionale Progetto Prato, TIPP) to coordinate and enable networking among key regional actors to foster economic development, innovation and the capacity of regional businesses to manage and cope with restructuring. Building on the experience of a round table that was established in the Prato district in 2002, the TIPP brings together a broad spectrum of sectors and addresses a variety of topics, such as quality improvements in textile manufacturing, energy and resource efficiency, innovation, precarious forms of work and the informal labour market, and youth employment and social welfare issues. Rather than developing concrete measures, the round table functions more as a promoter and initiator of activities that are regarded as crucial for the region's future and opens the door for financial funding, networking and synergies.

Other measures implemented in some of the case study regions included: various measures to provide educational qualifications strongly aligned to industry's needs and partly implemented across companies, which also include vocational training for young people as well as new university courses; R&D and innovation support, with incentives to involve the whole value chain, resulting in well-established regional research networks from which other industries benefit as well as the affected sector; and the establishment of a suppliers' network (offering, for example, the organisation of problem-oriented working groups).

On top of that, collective bargaining dealing with the working conditions of the flexible workforce took place in the Hamburg region. This went beyond the general regional policy focus but occurred due to the enhanced application of such employment forms (see the 'Labour market effects' section in Chapter 3).

Similarly, in the French Saint-Omer region, where the general policy focus is on developing existing companies and assisting new ones, the local restructuring support aimed at attracting companies to the employment area and supporting local businesses. Examples of such activities included strategic support to identified growth industries, investment in ICT (notably broadband internet access), R&D activities, advice, networking and cluster activities, access to business premises (that is, use of former Arc International premises and the creation of a business park) or the transfer of activities and employees from Arc International to other companies. Firms undergoing large-scale restructuring with potential territorial consequences are required by law to engage in revitalisation activities. The sum to be provided by the company to finance the regional activities is calculated by the public authorities in proportion to the number of jobs lost and to the objective of job creation.

In addition, and due to the significant employment effect of Arc International restructuring, a spectrum of labour market instruments have been applied. Examples are job-to-job transition schemes (including incentives for internal company redeployment such as financial allowances or hours off, mapping of local job opportunities, training and recruitment subsidies, and incentives for pre-retirement, with the pre-retirement allowance being partly paid by the government and partly by the company) and start-up support (assessment of the feasibility of the business idea by experts, financial support for start-up and job creation). These activities were mainly financed by the company, which invested more than the required legal minimum due to its strong commitment to the region and its workforce.

The QFR in practice: Measures for individual employees

In the framework of its restructuring, Arc International engaged in several social plans and revitalisation agreements aimed at reducing the effect of the necessary job losses. For example, the company supported retraining measures for redundant employees and offered a subsidy to local industrial employers creating new jobs, which was increased if the job was created for a former Arc International employee. This subsidy (the granting of which was subject to an assessment by public and private actors to avoid windfall effects) included the option of getting guidance from counsellors from a specific bureau created for the revitalisation initiative. Arc International also gave an incentive to external partners to hire some employees together with equipment in three activities that were reduced in house. Furthermore, the company offered its vacated premises to other companies and engaged in the creation of an R&D cluster, both with the overall aim of fostering job creation in the region.

In contrast to these two examples, the measures implemented to tackle the Saab restructuring in Sweden do not seem to correspond to the general regional policy focus of improving the business environment of the automotive sector. Rather, the restructuring measures dealt with job-to-job transition support targeting the redundant employees (advice, matching, training, motivation and psychological support, and commuting incentives), on the one hand, and with regional economic diversification in terms of identifying future regional growth potential beyond the automotive sector, on the other.

Regional economic diversification strategies to manage restructuring in mono-industry regions

Against the background of discussions about the potential closure of Saab, the local government, in cooperation with neighbouring municipalities, started a project to prepare for an eventual restructuring. A restructuring office was established in order to diversify the regional economy and decrease the dependency on the automotive sector. Later on, it gave additional financial resources to deal with the consequences of the Saab closure. The restructuring office analysed which companies and industries had growth potential in the region and then approached them directly to ask about their support needs. The focus was on coaching, financial advice and ownership transition projects. About 420 companies received coaching and advice, and the local government succeeded in attracting 25 new employers to the region, which employed a total of 200 employees; 420 people have started their own company.

The policy response to the restructuring of the Italian Prato Textile Industrial District and the Slovenian Mura company included, on one side, direct support for affected workers. In the Italian case, this took the form of income support through the Wage Guarantee Fund and a grant for employees affected by the restructuring to pay interest on loans; in the Slovenian case, it involved transition measures, including information provision and matching, motivation workshops, on-the-job training, internships and public works, but also employment and self-employment subsidies. This direct support was combined, on the other side, with strategic development of the regional business sector: support for innovation, tax reliefs for investment and attracting investors to the region. However, while in the Italian case the main focus was on job retention through temporary unemployment schemes, the Slovenian approach seemed to be more active in that it aimed at activating workers after the restructuring (for example, through training).

Such a combination was also observed as a response to the closure of the Vauxhall manufacturing plant in Luton (UK), when the regional development agency (East of England Development Agency, EEDA) established the Vauxhall Luton Partnership (Wood, 2006). The partnership was active in four areas.

- **Employment education and skills:** Measures included mapping the skills of the Vauxhall workforce (including an Accreditation of Prior Learning assessment scheme) and identifying skill shortages in the local area; career advice and guidance (including the organisation of job fairs), and vocational and management training to re-skill affected staff. Vauxhall rearranged shift patterns to allow staff to take part in training activities before the plant closed.
- **Infrastructure and development:** An extension was made to the existing centre providing business support and accommodation for small firms and start-ups, including networking with the local university.
- **Local business development:** Help was given for the modernisation and diversification of companies, and a venture loan fund was also established.
- **Social, personal and community:** Measures included the establishment of a community health observatory, the establishment of services to help redundant workers to reshape their lifestyle (promoted in community centres, the public employment service, libraries, gyms, religious centres, social clubs and pubs as well as by outreach workers), and the establishment of money advice surgeries.

An interesting initiative in the Italian case study was the establishment of a district round table by trade unions and business and employer organisations – see the box ‘The QFR in practice: Joint diagnosis’ below.

The QFR in practice: Joint diagnosis

Prato’s social partners (trade unions and employer organisations) and the local and regional government established a round table to analyse the region’s economic situation and to identify ways to stabilise the textile industry. The result of the discussions and consultations was a protocol highlighting the need to foster qualitative growth and reorganise the regional firms, and to promote internationalisation and innovation as well as networking support. The round table also said that company investment should be supported, for example through reduced interest payments for credits. On this basis, the regional government developed a plan for how the resources received by the national government should be used in order to better support the regional economy.

Interesting initiatives by the local government in the Slovenian case study included the organisation of a summer holiday for 100 children of the workers affected by the restructuring as well as a theatre performance for the redundant workers. A humanitarian event was also organised to raise funds to be distributed among the redundant workers (Table 14).

Due to the variety and combination of instruments in the regional approaches to deal with the consequences of the restructuring and the different funding sources, it is difficult to specify the total amounts spent on the interventions. Consequently, information on the financial aspects of the restructuring cases is scarce and fragmented. Nevertheless, in the majority of cases, most of the funding came from public actors. The exception to this is the French case, where the company devoted a large amount of money to support the redundant employees as well as for regional development (based on a legal obligation, but the company invested more than what would have been required).

Table 14: Overview of regional approaches taken in the restructuring and extent of funding

Case study	Approaches taken in restructuring	Scope/funding
Germany Hamburg <i>Aviation sector</i>	R&D programme Cluster programme, cluster competition; financial support to boost competitiveness and innovation, supplier networks, marketing Educational qualifications; vocational training for young people, strongly aligned with industry needs; special university courses Problem-oriented working groups for suppliers, trade fairs Collective bargaining on working conditions and flexicurity related to temporary agency workers	It is estimated that a total of about €1 billion from the regional budget was spent on infrastructure development and accompanying measures in the extension of the Airbus production site between 1997 and the early 2000s
France Nord-Pas-de-Calais (Saint-Omer) <i>Arc International</i>	Social plans: pre-retirement, severance pay, internal and external mobility, feasibility assessment on start-ups, training Employment and mobility cell: training, recognition of skills (overall, 1,300 beneficiaries with a total of 1.2 million training hours) Attracting companies to the region: site contracts Revitalisation contracts: support to local businesses, recruitment subsidy, guidance, networking, use of plants, cluster activities, resource sharing (transfer of activities and workers) Local mapping of promising growth sectors, job opportunities and training Support of joint regional R&D activities	€9.5 million, covered by the restructuring company
Italy Tuscany (Prato) <i>Prato Textile Industrial District</i>	Income support through Wage Guarantee Fund expansion Job search assistance, training Development of the territory and social cohesion: analysis of the region’s economic situation, identification of lines of action, implementation of joint project Measures addressing companies’ competitiveness (networking, innovation, internationalisation, investments, mergers) Institutional coordination	€260 million for income support (Wage Guarantee Fund and mobility allowance) in 2012 (public) €150 million from the regional government for the analysis of the region’s economic situation and related initiatives €45.3 million for structural policies €2.8 million to support mergers €4.5 million for innovation support European Social Fund (ESF) and EGF funding

Case study	Approaches taken in restructuring	Scope/funding
Sweden Trollhättan Saab Automobile	Information provision for affected staff Job security councils: advice, job search mediation, training mediation, motivation Training Commuting initiatives Local government restructuring office to identify regional growth potential and provide tailor-made support Sale of assets to one main buyer to maintain production capacity	€17 million for training (public) €10 million EGF funding for training Job security councils financed by continuous employers' contributions €5.5 million per year for economic development (public) €500,000 for the restructuring office, supplemented by €1.65 million in ESF funding
Slovenia Pomurje Mura	Job search, motivation workshops (more than 3,500 participants) Internships, public works (almost 500 participants) Training (almost 600 participants) Employment and self-employment subsidies (almost 500 beneficiaries) Holiday camp for children of redundant workers, theatre shows, humanitarian events Regional development programme: fostering competitiveness, employment incentives, tax relief for investment	€33 million for the regional development programme (public) EGF co-funding for the employment-related activities

Source: Eurofound, based on case studies

The analysis above shows that the regional approaches to cope with the effects of large-scale restructurings are a combination of employee/labour market-related and business/economy-related instruments as well as of short-term/emergency and long-term/strategic measures. Similarly, reviewing the responses to the global recession, the OECD (2011) finds a combination of the following policies, which it assesses to be most likely to be successful if pursued locally, as information on local conditions is decisive for their effectiveness:

- improvement of matching services, for example the establishment of one-stop shops or emergency desks at local level, partly involving private sector actors and trade unions;
- investment in education and training, particularly for vulnerable groups and young people;
- subsidies to foster job creation in public, private and social enterprises as well as self-employment;
- support for businesses to raise productivity, for example by fostering R&D and innovation;
- improving the coordination of local-level actors to create joint approaches.

Dobbins et al (2013) even emphasise the necessity of such combinations for a sound policy intervention. They highlight that many current policy responses (in the UK) targeting workers to adjust to challenging circumstances refer to supply-side training and reskilling. The authors judge that 'increasing skills supply has incorrectly been portrayed as a stand-alone cure-all panacea for enhancing individual employability, reducing unemployment and boosting competitiveness', as 'supply of particular skills does not automatically create its own demand from employers to utilize those skills' (p. 518). Summarising various publications, they emphasise that 'while up-skilling employees is a vital supply-side policy lever for enhancing employability, it is only one piece in a broader holistic framework that policy-makers need to consider to address structural deficiencies on the demand side' (p. 519). Such a holistic approach should involve interventions targeting innovation, corporate governance reform, investment in infrastructure and R&D, appropriate regional industry-level institutions and democratic work design.

Interestingly, it seems that there is a greater variety of employee/labour market-related types of instruments identified in the case studies¹³ and of emergency/short-term orientation than of strategic/long-term orientation; the situation is the other way around for business/economy-oriented measures (see Table 15).

Some approaches go beyond a labour market and economy focus by also tackling either social or institutional factors. In addition to the above examples from the case studies, these could include housing initiatives and competence development within public bodies. For example, this happened in Dortmund (Germany), where the closure of the last steel mill (with about 5,000 layoffs) resulted in the establishment of a public-private partnership (PPP) for urban and business development between the steel company ThyssenKrupp, McKinsey and the city of Dortmund in 2000. New sectors were developed, for example by launching a network for occupational training for the new economy, through local start-up support by a network of voluntary experts and by transforming the old industrial areas into business parks. In addition, high-quality housing areas were developed and linked to the new industrial estates. A stable project organisation and administrative body was implemented to ensure communication, control and the development of local management capacities (Mühge et al, 2006).

A similar approach was taken in the 1960s in the Austrian initiative *Steinbacher Weg – Werteorientierte Gemeindeentwicklung* (value-oriented community development), which was established as a response to the closure of an important local company resulting in about 200 job losses. The local development plan was reorganised and the premises of the closed company was renovated so that they could be used by other firms. In addition, 60 local projects were created, including remodelling the old rectory to create housing and a location for training, project development and cultural events (Mandl, 2009). The C-Mine Centre in Genk, Belgium, transformed a former industrial site into an enterprise centre that also includes concert halls, exhibition space and a design centre (European Commission, 2012a). In her analysis of defence industry transformation in east-central Europe, Kiss (1999) finds initiatives to improve the local infrastructure, including flats, cultural and social institutions, among the measures taken by the regions to cope with the restructuring.

Table 15: *Examples of regional approaches to deal with the consequences of large-scale restructuring*

	Emergency/short-term focus	Strategic/long-term focus
Employee/labour market orientation	Support of job search, matching, applications, interviews Temporary redeployment to other regional firms Internships Public works Pre-retirement schemes Commuting support Employment subsidies Income/financial support for redundant workers	Local mapping of job opportunities Occupational guidance and reorientation, including training and recognition of skills Start-up support (advice, training, financial)

¹³ But not necessarily more measures implemented operationally, or a bigger budget spent on the measures, or a greater number of beneficiaries of the various types of measures.

	Emergency/short-term focus	Strategic/long-term focus
Business/economy orientation	Advice Networking support Problem-oriented working groups Financial support	Analysis of the economic situation and structure of the region and identification of growth/development potential Promotion of entrepreneurship, including start-up support (advice, training, funding) and attracting companies to the region, and revitalisation activities such as using deserted premises Networking and clustering initiatives (including the establishment of business parks) Diversification initiatives R&D and innovation support (Tax) incentives for investment Regional marketing/branding
Other	Motivational measures, such as cultural or social events for regional inhabitants	Institutional coordination and competence development Housing initiatives Transforming deserted premises for community purposes (for example, cultural centres)

Sources: Eurofound (based on case studies); Mühge et al (2006); Wood (2006); Mandl (2009); European Commission (2012a); Kiss (1999)

The individual list of measures strongly depends on the characteristics of the region, the restructuring event and the actors involved. For example, an analysis of the Italian regional approaches to cope with the restructurings driven by the global recession show that short-term measures represented on average 70% of the package, but were combined with structural measures aimed at tackling structural weaknesses and enhancing competitiveness in the medium to long term (Fabbris and Michielin, 2010). The main target group of the regional recovery measures was the business community (up to 90% of the funds provided by the regions), for example by facilitating access to finance through the provision of loan guarantees or subsidies to selected sectors. At the same time, the vast majority of regions also initiated labour market interventions, with 10%–12% of the budget devoted by the regions. This is a comparatively low share because most of the passive labour market interventions are covered by national funds. Social interventions (like subsidies to households to maintain mortgage payments) as well as public investment and public works have been put in place in only a minority of regions, which invested significant amounts of money for this purpose.

Actors and their roles

In general, the approaches taken are implemented in the form of multistakeholder cooperation. In her analysis of defence industry transformation in east-central Europe, Kiss (1999) concludes from her case studies that ‘even the best restructuring efforts at the enterprise or regional level are ineffective if they are isolated. The lack of shared commitment blocks or limits development. A coordinated, committed action on both sides can produce genuine long-term results that are beneficial both for the enterprises and their regions’ (p. 47).

This is standard practice in local economic and employment initiatives, emphasising the need to have good coordination among local labour market policy actors and their social and economic development partners, as well as the need to adapt policies and initiatives to meet local challenges (see, for example, OECD, 2012; Dorenbos and Froy, 2011; Giguère and Froy, 2009). The following types of actors have been identified as needing to be involved (Mandl, 2009; Eurofound, 2007).

- **National government:** National governments provide general frameworks, such as infrastructure or support instruments that can be drawn upon if needed, and funding.
- **Regional and local government:** Depending on the level of autonomy, they can have a high level of decision-making power within the national guidelines or very limited powers for adjusting general programmes to regional needs.

- **Regional public employment services:** These often have an important role in intervening in the regional labour market by implementing employment strategies and initiatives at local level. The public employment service has direct contact with local enterprises and the local workforce and hence has the most immediate information about demand and supply in the local labour market.
- **Social partners:** Social partners are actively involved in policies and strategies as well as in the implementation of instruments, representing the various interests of their associates.
- **Service providers:** The providers are needed for operational provision of skills development, social services and so on.
- **Enterprises:** They can provide financial or in-kind support, such as advice, coaching and taking advantage of networks for matching or job transition activities.
- **Third sector and voluntary organisations:** Examples include non-governmental organisations (NGOs), non-profit organisations (NPOs), social enterprises and the church. These lobby for the interests of their target group and provide operational support in terms of being subcontracted by the government.

It is likely that the challenges and bottlenecks encountered by such approaches when coping with large-scale restructuring effects are greater due to the need to react quickly to counteract immediate negative effects while also bearing a longer-term strategic approach in mind. Consequently, having a local network of relevant actors available all the time in order to anticipate change, and not only to establish such measures in case of an emergency, is important.

Local networks to manage restructuring

To cope with the global recession, mobility centres were temporarily established in 30 Dutch regions in 2009 in order to create networks to facilitate work-to-work transitions for employees faced with redundancy. Regional cooperation was formed between sectoral or regional employers, local authorities, schools, temporary work agencies, employment agencies and the public employment service. This was done on the initiative of the public employment service and backed by the national budget. In some regions, a real collaboration was created, while in others, it was considered as a public employment service initiative and lacked full ownership and commitment from other local actors (Dorenbos and Froy, 2011).

More generally, Dutch law obliges municipalities and the public employment service to cooperate in a work square (*werkplein*) to create integrated labour market programmes in strategic partnerships. Work squares are supposed to coordinate different actors, such as employer organisations, educational institutions, social welfare organisations and NGOs, to provide regional labour market information and to offer special services such as mapping and facilitating cooperation. Some of them have joint management teams, including the public employment service, municipalities, other government departments, and business or industrial consortia. While the work squares seem to improve cooperation and coordination as well as service provision due to a larger portfolio and to increase the feeling of being accountable to other partners working within the work square, financial constraints and accountability arrangements have been identified as problems (Dorenbos and Froy, 2011).

Faced with an anticipated reduction in volume of work due to cyclical developments, the French shipbuilder Chantiers de l'Atlantique considered the effects of this development on its subcontractors, with whom there was mutual dependency. The company set up the Cap Compétences project, a complex training plan, within two months when the fall in orders became apparent. It tried to mobilise regional actors to find funding and to encourage subcontractors to participate. The network of contacts and human resources built up over previous projects was helpful. Institutional partners to the initiative (the main financial contributors) were the national and regional government, the European Union (through the ESF) and a collective parity organisation that administered the funds devoted to the project.

Three organisations for economic development and seven certified training organisations as well as a network of consultants and trainers were responsible for the implementation of the programme. The consultants' role was to start the dialogue among the companies, support diagnosis and prepare a development plan. The local trade union raised awareness among local actors on the need for training, including coverage in the local press. Employer organisations were involved in representing the participating SMEs as well as by being a founding member and chair of the organisation established for managing the flow of funds and the programme's operational aspects (Garaudel et al, 2006).

The actors generally involved in regional economic and labour market policies are also actively involved in regional approaches to cope with the restructurings described in the case studies. It becomes apparent that in cases of regional support for managing large-scale restructuring, the set of actors involved is very similar to that involved in forward-planning of local economic and employment development.

Multistakeholder approach in implementing regional approaches to managing restructuring

In their analysis of the approaches to deal with the consequences of the global recession on two German regions dominated by machine-building companies, Fuchs and Kempermann (2010) identified the involvement of the following actors and their contributions:

- **Trade unions:** Organisation of regional conferences promoting labour market policy instruments such as short-time working; negotiations with employers on remuneration reduction to avoid redundancies; development of a coaching model for younger workers by older workers combined with early retirement; establishment of a regional temporary assignment of employees across companies; establishment of a 'future lab' (*Zukunftswerkstatt*) for regional entrepreneurs to meet and discuss topics relevant for the future competitiveness of the regional enterprises
- **Works councils:** Intensive interaction with the trade union and other works councils to exchange information and experiences
- **Companies:** Decision on measures to retain employment
- **Employer organisations:** Provision of advice and information to the companies, for example on legal issues or labour market policy instruments such as short-time working
- **Economic development agencies:** Advice and coordinating intermediation among regional actors
- **Public employment service**
- **Regional government**
- **Banks:** Negotiations with trade unions and companies on access to finance for the concepts developed to retain employment

Long-standing cooperation enabled these actors to cooperate during the crisis too, and the interviews conducted for this study also showed that the cooperation intensified considerably during the crisis.

In some of the case studies, the European Commission is also involved by providing financial support (through the EGF and the ESF).

The QFR in practice: The European Globalisation Adjustment Fund (EGF)

The Italian Prato Textile Industrial District benefited from EGF support. Between March 2007 and February 2009, about 1,350 workers participated in measures co-funded by the EGF, which contributed about €800,000 overall (or about €600 per beneficiary). Some 82% of the beneficiaries were aged 25 to 54, 11% were aged 55 to 64, and 7% were aged 15 to 24. Of these, 52% were male and 48% were female. Two-thirds had primary or lower secondary education while the remaining third had post-secondary non-tertiary education. The vast majority of EGF co-funded measures were targeted at job search assistance and general information as well as job search allowances. Other fields of activity related to training and training allowances.

Overall, it was assessed that the level of innovation in the measures and the ways they were implemented was low; that is, the instruments were similar to the traditional public sector response to restructuring. Consequently, it is not very surprising that beneficiaries often did not know that the services being provided were co-funded by the EGF. After the conclusion of the EGF co-funded measures, almost two-thirds of the beneficiaries (with only small differences by gender) were in employment or self-employed (only 0.2%), which is quite remarkable given the high proportion of beneficiaries with lower educational levels. This is attributed to workers in the Wage Guarantee Fund being re-employed by their former employer after the EGF assistance. On average, it took them one to three months to find a new job (Pavlovaite et al, 2011).

In the Saab case, EGF funds were used to finance training activities for the redundant workers. A total of €10 million was granted and was mainly used for adult education and out-of-work income for 1,350 blue-collar workers.

In the Slovenian Mura case, EGF funding was used to finance the activities of the labour funds, on-the-job training and self-employment subsidies (Ministry of Labour, Family, Social Affairs and Equal Opportunities, 2012). After the EGF-funded measures ended, no further specific measures have been available to redundant Mura workers.

National governments are often the main actors in establishing the general framework conditions under which the restructuring takes place. In the German aviation case study, for example, the business expansion would not have been possible without the strong support of the national government, including legislative decisions on road and transport infrastructure and air traffic, and also political and financial support (R&D programme, guarantees, favourable loans). Furthermore, national governments are generally involved in designing and funding the approaches, as are the regional or local governments. At the same time, there are examples where governments did not support individual restructurings for strategic or political reasons. In the Swedish case study, for example, the national government was not willing to support the company in crisis. While other countries established packages to support the automotive industry affected by the global economic and financial crisis, the Swedish government did not do so and Saab's request for public support was rejected (Bergström, 2009).

In some cases, governments also coordinate the various interventions and actors, while in other cases the role of the coordinator is fulfilled by an economic development agency.

Driving role of local economic development agencies

As a response to the closure of the Vauxhall manufacturing plant in Luton, UK, the regional development agency (the East of England Development Agency, EEDA) established the Vauxhall Luton Partnership on the day after the company announced the planned closure. The agency consisted of company representatives, the trade union, the public employment service, the regional supply network, local authorities and the local university. This enabled a fast response throughout the 18 months prior to the closure.

EEDA chaired the partnership, was responsible for getting funding and was itself a funding partner. The regional council helped apply for ESF support and provided funding for matching and personal support to displaced workers. The public employment service gave advice and guidance and tracked beneficiaries. The company provided office space and equipment and funded training measures.

The trade unions were strongly against the plant closure, as it was recognised as an effective and efficient production site. Consequently, it was difficult for them to publicly enter into the Vauxhall Luton Partnership, and the regional trade union worked behind the scenes with EEDA, particularly on accessing funds from the ESF. Later on, when it was clear that the closure could not be avoided, trade unions also actively participated in the Accreditation of Prior Learning Programme.

Source: *Wood (2006)*

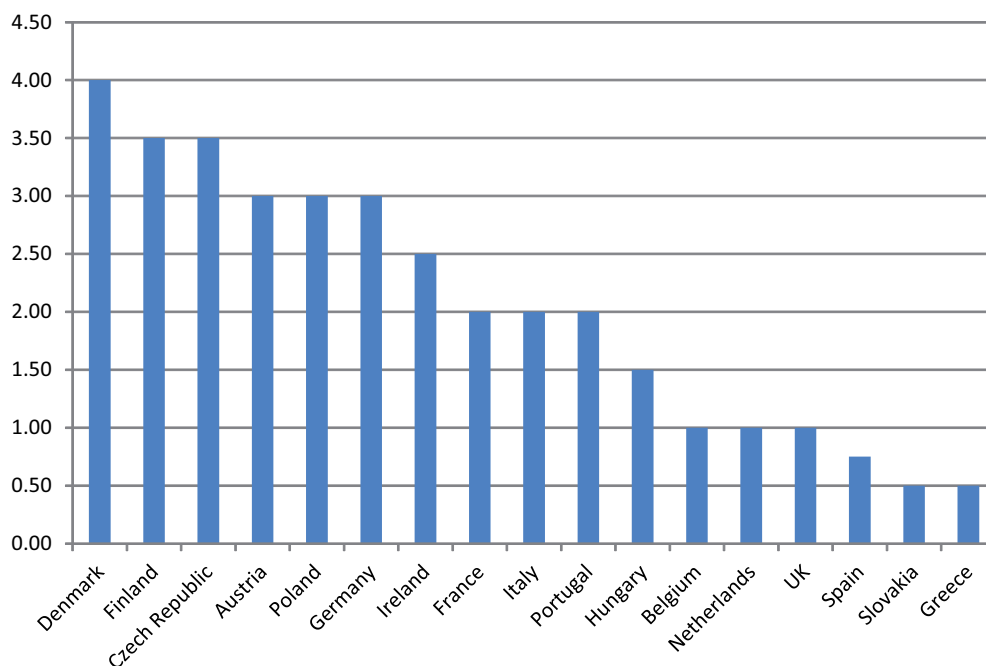
Economic development agencies, together with public employment services and providers of educational, social or other services, are generally responsible for implementing the individual instruments.

The QFR in practice: Supporting redundant employees individually

In the restructuring at Mura in Slovenia, the regional public employment service contacted the affected workers before the official bankruptcy to tell them about the registration process as soon as possible. When the workers received their job contract termination notice, they also received a folder with information and all the necessary forms as well as an appointment at the public employment services office. At that stage, some of them had already received information about training workshops. The public employment service registered the redundant workers to enable them to get unemployment benefits. Afterwards, they conducted a motivation workshop dealing with psychological aspects of unemployment, job-seeking, CV writing and similar issues and prepared individual employment plans for the workers. The public employment service drafted a list of redundant workers and communicated it to the labour funds to provide for the training of the affected employees.

Dorenbos and Froy (2011) emphasise the capacity of local labour market agencies and institutions to contribute to returning regions to prosperity in the aftermath of the global recession if they succeed in helping workers to compete on the global market and in helping regions to generate high skills and high productivity. However, public employment services tend to be managed in a centralised way, giving them limited opportunities to identify local problems and implement tailor-made measures (Mandl, 2009). The reason for this is that giving more flexibility to local public employment services needs to be accompanied by guarantees regarding the legal, fiscal, performance and public accountability of local decision-making and the efficiency of service delivery. In a 2008 study, the OECD found that Denmark, Finland and the Czech Republic showed a comparatively high degree of local flexibility on labour market policy, while it was very limited in the UK, Spain, Slovakia and Greece (Giguère and Froy, 2009) (Figure 6).

Figure 6: Flexibility of regional and local public employment services on labour market policy



Note: Estimates of flexibility in the management of labour market policy are based on a 2008 survey that analysed flexibility in the following areas: designing programmes, allocating budgets, defining target groups, setting performance criteria, collaborating with other actors and outsourcing.

Source: Giguère and Froy (2009)

Furthermore, local public employment service offices tend to be overburdened by administrative procedures, which reduces their resources to engage in local partnerships that are not recognised in their job plans (Mandl, 2009).

Regional employer representatives and trade unions are involved in the delivery of support. These actors also provide political support by negotiating deals and lobbying for the interests of their members.

The regional businesses, notably the restructuring company (except for the Saab case study, where the company was not an active partner after the bankruptcy) and its suppliers, and their works councils are engaged in the regional measures. Their input is mainly directed at the design, the implementation (including the follow-up of the affected workers) and the funding of the instruments. However, the role of works councils might differ considerably with the company size.

The QFR in practice: Employee representatives’ activities in the management of restructuring

Mechanisms to support individual employees

The local and national works council of Airbus played an important role in limiting the effects of the internal restructuring on employment and working conditions, with the main aim of achieving job security and getting management commitment to avoid economic redundancies. In the framework of the company’s cost reduction and outsourcing strategy, initially the dismissal of thousands of workers was planned. This plan was modified due to the strong opposition of the trade unions and political actors. Furthermore, the works council has developed and implemented a number of measures to reduce the share of temporary agency workers and to improve labour relations and working conditions – for example, through ‘equal pay/equal treatment’ agreements for temporary agency workers and supporting their transfer into jobs where they are employed directly by Airbus, and regarding working time

flexibility for core staff. In contrast to this, the smaller SMEs in the manufacturing sector and those providing white-collar services in the field of engineering, IT or other services often do not have a works council, which affects the situation of temporary agency workers, wage levels and other working conditions in these firms.

In the Swedish context, support for redundant employees affected by restructuring is not provided by the public employment service, but by job security councils (JSCs), based on collective agreements. JSCs provide advice and coaching, but no income support (which must be covered by the former employer). In the Saab closure, two JSCs were involved and they immediately approached the affected workers to offer their services. In individual meetings, they told them about their support options and jointly developed an action plan to be followed (based on the workers' skills and competencies and job expectations). Examples of interventions included CV writing workshops, job interview simulations and forwarding vacancy notes received from employers to the workers.

Help for employees made redundant

In the restructuring of Arc International, a follow-up committee was established after the agreement of the first social plan in 2004. It was composed of four members of the works council, two appointed representatives of each trade union, one member of the company's occupational health service, one member of the company's social service bureau and five representatives of the management. The committee's role was to follow up the implementation of the agreement, with a focus on social support for the workers. The establishment of this committee meant that the works councils and trade unions became real stakeholders of the process.

One last important type of actor is service providers, such as education and training providers, research centres and private employment services, that help to implement either the restructuring or the approaches to deal with the consequences effectively.

For the sake of completeness, the following three types of actors, each of which was reported in just one case study, should be mentioned.

- **Third sector or voluntary organisations** lobby for the interests of their members. For example, in the Airbus restructuring, environmental groups and local citizens opposed the project for environmental reasons and because of concerns for neighbouring farmers and landowners. In contrast to the description above of local and economic employment development and anticipatory activities, they have not been actively involved in implementing the approaches to manage restructuring at regional level.
- **Business partners** can play an important role in restructuring by playing an active part in terms of 'unburdening' the company in restructuring (Eurofound, 2013). In the German and Italian case studies, which deal with cluster restructuring, such a shared approach is quite natural. Interestingly, however, the Slovenian case study also noted an important contribution of a business partner, in this case Hugo Boss, to the Mura restructuring. Hugo Boss was described as having been 'constantly there for Mura', thereby giving the company some level of stability and security, which was important for the company in crisis.
- **The media** become a 'player' when they report on restructuring-related activities. In the Saab case study, for example, the media were actively approached by representatives of the job security councils to ensure that journalists understood the developments so that they could also see and report on the positive aspects, not just the negative ones.

To summarise, in the regional approaches to cope with the consequences of large-scale restructuring, a multistakeholder approach is applied. Some actors, notably the EU and the national government, are involved in more strategic roles (setting the general framework conditions, designing, coordinating and funding the interventions), while others have a more operative role in implementing the measures (public employment services, economic development agencies, service providers) (Table 16). Some actors are involved in both the more strategic approaches as well as the operative phase of the approaches (companies, works councils, trade unions, and regional or local governments).

Table 16: *Overview of actors and their involvement in the approaches to manage restructuring at regional level*

	General framework conditions	Designing interventions	Implementing measures	Coordinating activities	Financing interventions	Lobbying
European Commission	X				X	
National government	X	X		X	X	
Regional/local government	X	X	X	X	X	
Public employment service			X			
Economic development agency			X	X		
Business or employer organisations and trade unions		X	X			X
Service providers (transition measures, education, start-up/business support, social and health services)			X			
Restructuring enterprise (management and works council), other regional enterprises		X	X		X	

Source: Eurofound (based on case studies); Garaudel et al (2006); Wood (2006); Fuchs and Kempermann (2010); Dorenbos and Froy (2011)

Success factors and limitations of regional approaches

As mentioned in the description of the study methodology, the case studies were selected on the basis that the regional approaches taken to cope with the effects of restructuring demonstrated at least some of the good practice elements defined for the project. This was done in order to learn some lessons about the success factors for such initiatives.

The following aspects have been identified in this project's case studies, and also in literature (OECD, 2012; Proto et al, 2012; Wood, 2006; Mandl, 2009), as decisive factors for regional approaches tackling large-scale restructurings to avoid or reduce negative consequences, not only for the affected firm and its workers, but for the region as a whole.

- Openness to change in institutional settings (for example, allowing new, relevant regional actors to emerge or delegating decision-making power to the most suitable hierarchical level); openness to policies (considering new pathways and trying out new strategies rather than tested models if innovative approaches might be beneficial); openness to business models (adjusting to new framework conditions); and openness to aspects of employment (considering occupational or geographical mobility rather than sticking for too long with situations that are not sustainable in the medium to long term).
- Collective spirit, commitment and active engagement as well as mutual support of relevant regional actors (including companies) to jointly deal with the challenges and find solutions resulting in acceptable outcomes for all (and not at the expense of some). This is facilitated by pre-established structures ('institutional thickness'), a tradition of and experience with multistakeholder cooperation and good communication (high levels of interaction based on mutual trust), and legal or perceived (personal bonds, social responsibility) obligations to participate.

- An integrated strategic approach and efficient implementation in terms of offering a comprehensive package considering long-term (with some courage to break out from path dependency) and immediate measures, various policy fields (notably industrial/economic and labour market policy, innovation and social policy with specific implementation in the region) and target groups (among both companies and workers). Such an approach would also involve coordinating delivery and aligning the measures to each other rather than offering each in an isolated way. This requires a clear vision of the future, taking into account the past and the changing environment from a regional perspective (regional strengths, weaknesses, opportunities and threats of the characteristics of the target groups and the regional economic, labour market and social fabric).
- Quick design and support provision. This is facilitated by the existence of the previous two factors, by anticipatory activities and continuous monitoring of regional developments (to be able to prepare and act before the consequences are realised). It is also facilitated by flexibility to take decisions at regional level (some degree of autonomy and little administrative burden) and by support from higher administrative levels (national funds, assignment of additional staff to regional authorities to deal with the restructuring support measures).
- Sustainable funding of the overall approach rather than project-based finance. This could be achieved through joint funding models, including EU, national, regional, local and company funds. Furthermore, the actors closest to the problem – and hence those who are best informed about how to best spend the available funds – should be able to influence the distribution of the budget.
- Awareness of developments beyond the region. For example, this could mean considering developments in neighbouring regions that might need to be addressed in a joint approach if the local economy and labour market are not big enough to cope with the effects of large-scale restructuring in small regions; national budget contribution limitations if several regions experience difficulties at the same time; or global market or sector developments that have the potential to influence the future pathways of the region (including the identification of internationalisation possibilities for the regional economy or the potential to attract international investors).

Conclusions

General considerations

This project shows that large-scale restructuring, either with immediate positive or negative effects on staff numbers, not only affects the restructuring company and its employees, but also has wider impacts on the regional economy, the labour market and society. Such effects, however, are difficult to capture and attribute to a single restructuring event. Consequently, illustrations rather than comprehensive information need to be provided.

The impact on the regional economy mainly relates to structural shifts and changed dynamics of, for example, business start-up activities, innovation and R&D. In most of the cases analysed, this was not limited to the sector in which the restructuring company was active, but also had an impact on the overall regional business structure. The extent of the impact seems to be directly related to the relevance of the restructuring company for the regional economy and labour market as well as to the degree of dependency of the regional economy on the restructuring firm – that is, the effect is greater if it is a mono-sector region or the company under consideration is one of the main economic and labour market players in the region. In those cases, the company also tends to be involved in regional supplier networks, resulting in situations where other local firms, notably SMEs, experience knock-on effects. These spill-over effects are challenging for the SMEs when restructuring involves closures and bankruptcy, but also in cases of business expansion, as they require the SMEs to restructure too, mainly in the form of internal restructuring related to adjusting the business model or reorganising the product portfolio, production processes and the workforce.

Examining the approaches taken to cope with the effects of large-scale restructuring, it is evident that while more wide-ranging and strategic support to adapt the regional economy in the long run is considered, immediate measures hardly ever deal with the effects on other businesses. This is a significant problem, as SMEs in particular have a specific need for support in their restructuring, and such support is most efficient if it is provided immediately (Eurofound, 2013).

From a labour market perspective, the most striking finding of the project is that even in restructuring cases related to a huge number of immediate job losses caused by one of the major employers in the region, the overall effects on the labour market can be cushioned by an effective implementation of regional approaches to tackle the potential negative consequences. In all the analysed cases of closure or bankruptcy, the regional net job loss was considerably lower than the number of workers made redundant from the restructuring firm, due to intensive support in the areas of job-to-job transitions (including employment subsidies, start-up support and attracting businesses to the region) and educational (re)qualification.

At the same time, the limitations of the regional economy (notably mono-sector structures resulting in high dependency) and the affected workers have to be considered, and these are hard to overcome. First of all, transitions to another job are only possible if jobs that are suitable for the redundant workforce exist. When an economic crisis is not limited to a single company but affects the whole region, the whole sector or even the whole national or international economy, such jobs are scarce. Secondly, the affected workers must be willing and able to transition to another job. This might not be the case for some low-skilled or older workers who do not have the skills and qualifications needed by other employers and who tend to be more reluctant to develop their skills to improve their employability. At the same time, too much specialisation (which again is fostered by a mono-sector structure in the regional economy) might also limit workers' opportunities to switch to a new job, either because these specific competencies are less in demand by other employers or because the other employers hesitate to submit job offers because of perceived high staff costs. From the case studies conducted in this project, it was also apparent that a very high level of commitment and loyalty towards the restructuring employer might also hinder a quick transition of redundant workers to new jobs; they tend to hope for the employer's recovery and hence stay with them as long as possible rather than take immediate action to search for alternative employment. Another aspect in this context is the still-widespread aversion to mobility, that is, commuting for work to another region or even relocating. This also reduces the overall labour market opportunities of workers affected by

restructuring, particularly if few employment opportunities are available in a small region and many workers are looking for a new job at the same time.

As the current project is based on case studies, which provide illustrations rather than comprehensive findings, and because literature on the topic is scarce, the information available on the quality of the jobs available to redundant workers is very limited and should be researched further.

Anecdotal evidence from the current case studies as well as previous research also pinpoint the classical ‘insider–outsider’ challenge as an outcome of large-scale restructuring for the regional labour market. Those who generally have a better position in the labour market (for example, younger, better-qualified and more mobile workers) have fewer difficulties finding a new job with equal or even better working conditions (including job stability and income levels) and social protection, either in the region or elsewhere. In contrast, more disadvantaged workers face greater challenges in finding a new employer and have more limitations, such as the lack of willingness and ability to change. In a situation where jobs are scarce, they tend to take on any job that is available, even if this results in worse working conditions (notably in relation to income, working time or job security) and social protection. Furthermore, while all of the analysed approaches to dealing with the consequences of large-scale restructuring provide a comparatively wide range of measures targeted at the workers made redundant, little information is available about support for those who were already unemployed or outside the labour market before the restructuring and the prospects of those hoping to enter the labour market for the first time. It can be assumed that these people are in an even more disadvantageous position in the labour market than the newly unemployed workers, but receive less specific support. These considerations underline the risk of regional social polarisation and increasing inequalities as an outcome of large-scale restructurings that needs to be tackled.

More generally, as regards the social effects of large-scale restructuring on the regional fabric, the starting hypothesis of the project was of a ‘reinforcing circle’ of effects that mutually strengthen each other. The assumption was that the restructuring affects the availability and quality of jobs, which in turn affects the attractiveness of the region as a business location due to the impact on productivity. The combination of economic and labour market effects influences public service provision, as it determines the available public budget by affecting tax income and social welfare expenditure. The extent of public services and infrastructure is decisive for the attractiveness of the region as a place to live and hence influences migration to and from the region, which naturally influences the size and characteristics of the workforce.

In the case studies conducted for this project, there is some anecdotal evidence supporting this reinforcing circle hypothesis, notably in the business expansion case of Airbus. In the other cases, the interconnection between the various social effects identified is less visible; they seem to be rather isolated outcomes, depending on and varying with the specific characteristics of the region and the restructuring firm and its employees. In all of the cases related to significant job losses, there was an increased reliance on out-of-work income (social benefits, unemployment benefits, pensions), which burdens the public budget. In three of the five cases, the restructuring had some impact on the regional provision of education and training opportunities, implying that this was implemented more immediately than other adjustments, such as the provision of health or care services, which was not mentioned in any of the case studies.

While the individual restructuring firms took different approaches to the anticipation of and preparation for the restructuring (from neglecting the need to restructure and hence little preparation to very strategic and long-term planning), it seems that across the regional stakeholders in general the likelihood of the restructuring was widely suspected. This was possible because of the companies’ importance to the regional economy and labour market, giving rise to a kind of informal monitoring of their development. The long tradition of the companies in their regions fostered the regional stakeholders’ familiarity with the firm, the character of the restructuring (a sequence of events rather than a single event) and, to some extent, media coverage. This enabled the regional stakeholders to start preparing and

implementing approaches to deal with the potential consequences of the restructuring for the region in a timely way. These approaches comprised comprehensive packages that combined short-term and emergency measures (mainly in the area of labour market and social policies supporting the affected workers) with long-term strategic measures (mainly in the area of economic, industry, regional or innovation policy aimed at adjusting the regional economy for sustainability and competitiveness in the future). In all cases, the instruments were designed and implemented in a multistakeholder approach, with varying compositions and roles for the individual actors, depending on the regional, political and institutional settings. The current research clearly pinpoints that such approaches are necessary to ensure that such large restructurings result in a win–win situation for the company and its workforce as well as the region as a whole, and that good practice examples are required to identify the success factors and challenges related to this.

In spite of the comparatively high priority given to the issue of restructuring in policy debates at national and European level, along with the increasing awareness of the importance of the regional and local level for policy interventions, comparatively little is known so far about the effects of large-scale restructuring on the regional economy and labour market. Likewise, there is a dearth of information about good practice in dealing with these consequences. The literature available is fragmented and not specific; the topic is under-researched and needs to be explored further. The current project also showed the lack of and deficiencies in available data. Potentially relevant European data on regional restructuring activity, such as data on foreign direct investment flow or on regional living conditions, are either unavailable at NUTS 2 level or made available with significant time lags. From the case studies, it is evident that at national level there is hardly any NUTS 2 or NUTS 3 data. This severely limits the possibility of conducting proper research or evaluations. Consequently, the first conclusion and policy pointer from this project is the need for further research into the topic and for an improvement in the data collection and processing at regional level through European and national statistical systems. This would enrich the information and regional data series, which is an important precondition for researchers and politicians to better understand why large-scale restructuring affects some regions negatively and others positively and how interventions can be better designed and implemented.

Although based just on a qualitative research approach, with few case studies and fragmented literature, the current research derived some conclusions regarding the effects of large-scale restructuring at regional level. Consequently, some policy pointers that could be considered in the interventions to achieve a favourable outcome for the firms, workers and regions are outlined below.

Policy pointers

Regional approaches to dealing with the consequences of large-scale restructuring are not individual instruments, but rather packages that comprise various interventions, which are designed and offered by several stakeholders to cover the wide range of measures needed. To implement such measures effectively each of the actors must find a balance between following their own individual objectives (bearing in mind the needs and interests of the people they represent or their political or institutional mandate) and the overall good of the region. Pre-established cooperation structures for regional actors help this process, which works best if there is a good level of mutual trust and understanding, a relationship that takes time to develop. Ongoing cooperation also fosters the feeling of joint ownership of the activities and the willingness of each actor to make concessions within certain limits to achieve a win–win situation for companies, employees and the region.

To make this happen, it is necessary to foster a common regional spirit by identifying and bringing together relevant regional actors and by jointly agreeing on a vision and mission for the region as well as general strategies for how this can be done. In this context, networking, exchange and communication are important elements that should be systematised and fostered. In some countries that already have a tradition of good cooperation and where the actors are already familiar with each other, this can happen more smoothly than in countries where more effort is needed to bring

parties together. To do this, political and institutional reorientation might be needed, or an appeal made to the actors' sense of social responsibility towards the region; examples could be found among various activities to foster corporate social responsibility, which might be adjusted to the current context.

The current project highlights that the effects of restructuring at regional level are multifaceted and diverse as regards the groups affected (companies, workers, population and institutional actors) and their orientation (economic, labour market, social aspects, institutional setting, political). Consequently, a comprehensive approach providing a bundle of aligned interventions is required rather than isolated instruments that address single aspects of the issue. Active multistakeholder involvement is needed to design and implement such measures. This might even go beyond the region by involving actors in neighbouring employment areas that either face a similar situation or that might also be affected by the restructuring event (for example, an increase in workers commuting to the neighbouring region for jobs). This is easier if the above-mentioned pre-established structures are available. Otherwise, there needs to be a driving actor who approaches the others and convinces them to cooperate. Furthermore, it is important to coordinate the cooperation among the stakeholders by clearly setting the objectives, which must be agreed upon by all, measurable, attainable, realistic and well communicated not only to the other stakeholders, but also to the beneficiaries and the region. Roles and responsibilities need to be assigned to all the actors involved. In addition, the individual measures need to be aligned to each other to ensure their efficient and effective implementation, allowing for synergy effects, and to make the best use of the available human and financial resources.

Strategies must take into account the specific characteristics of the region, the restructuring, the affected firm and its employees. The measures also need to be suitable for the target group as well as the delivery mechanisms. In this context, it is also important that the measures are clearly known to and accessible to potential beneficiaries. As the strategy will consist of a variety of instruments offered by many different actors, a central contact point (one-stop shop) providing a general overview and basic information is recommended, to mediate between the service providers and the potential beneficiaries, who otherwise might get lost in the 'jungle' of support offered.

When designing the measures, regions should draw on the experiences of others rather than aiming to reinvent the wheel each time. More research would benefit such efforts as well as a more systematic approach to exchanging restructuring experiences across regions, either within the country or at European level. In this context, increased emphasis should also be given to following up interventions to evaluate their effectiveness and outcomes in order to better learn what works and what does not under which conditions.

Naturally, due to the heterogeneity of regions and restructuring events, a one-to-one transferability of approaches or a 'one size fits all' approach is not realistic. Rather, regions need to establish individual packages that are tailor-made to their specific situation. Nevertheless, some general guidelines on how such approaches could be designed can be given. First of all, this project's case studies as well as the available literature emphasise the need to bring together different policy fields: economic, industrial, regional, innovation, labour market and social. Short-term and emergency measures that deal with the immediate effects on the labour market and the companies must be blended with long-term and strategic measures aimed at adapting the local economy and labour market after the restructuring and preparing it for a sustainable and competitive future. The individual 'wish list' depends on the specific situation, but examples for various types of measures are given in this report.

Particularly as regards the long-term strategic measures, regions should try to explore new approaches for changing framework conditions rather than just doing 'more of the same' in order to avoid the risk of getting stuck in path dependency. This is particularly true for mono-industry regions affected by structural change, which suggests that these require economic diversification and the adoption of new business models.

However, regarding short-term measures (which mainly address the affected employees and the labour market), there is some potential to apply more innovative instruments than the standard active and passive labour market policies. One example of a new approach that could be used in the case of temporary company difficulties is cross-company employee sharing (Eurofound, forthcoming). Rather than dismissing workers, their employment relationship is maintained with their initial employer, but they are temporarily sent to work for another regional employer. Such temporary assignments of staff can be seen as win–win solutions at regional level. The worker experiences job, employment and income security in spite of economic difficulties in the employer company; the sending employer maintains access to its experienced staff so that it can be prepared for recovery while at the same time reducing labour costs; and the receiving employer can quickly and easily cover temporary human resource needs.

Another example is engaging interim managers, which is another new employment form that is emerging in some European countries (Eurofound, forthcoming). These are specialists who can be hired by a company to cover skill and expertise gaps in the company during the restructuring. Compared to external business consultants, they are organisationally integrated into the firm and hence get a better understanding of its characteristics, which enables a more suitable solution to the problems. Both examples are promising new forms of employment that could be beneficial in the case of restructuring. However, they are not yet widespread and the general unfamiliarity with the concepts needs to be addressed.

The case studies suggest that regional approaches to tackling the effects of restructuring need to be designed and implemented quickly, as delays hamper their effectiveness. In addition to the existence of a pre-established cooperation structure, mentioned already, a factor that facilitates quick intervention is a sufficient degree of autonomy of regional and local actors to make decisions and implement them. Quite naturally, those actors closest to the problem have the best understanding of what is going on and what is needed, and consequently their experience and knowledge should be considered without requiring lengthy and bureaucratic decision-making processes. For example, the current research highlights that regional public employment services have heterogeneous autonomy levels across Europe, and it can be assumed that this not only applies for governmental bodies, but also for employer and employee organisations. A balance needs to be found between enabling local and regional bodies to act immediately according to pressing needs while at the same time following the overall national strategies. This becomes even more important when one considers that increasing emphasis is given within the EU to the regional level, which is reflected in the growing share of structural and investment funds devoted to the regions.

Local and regional actors not only need to be empowered in terms of autonomy of decision-making, but also as regards staffing and skills. These actors need to have the expertise required to anticipate restructuring and its effects as well as to develop suitable and cost-efficient policy responses. A cross-regional exchange would help this, as would more research on the topic. Furthermore, local actors need to have access to enough staff to quickly and effectively design and implement measures. This requires some flexibility and commitment from higher up the hierarchy, as the case studies show that sometimes – and in spite of timely and good anticipatory measures – the need for additional staff by institutional actors or support service providers is recognised only at short notice.

Another factor that helps early intervention is a continuous monitoring of regional economic, labour market and social developments in the form of multistakeholder anticipatory local risk management, including open communication and early warning systems. This is not only beneficial from a political perspective (providing timely implementation of support), but also in terms of providing companies and employees with information that could help to reduce their reluctance to change. The case studies showed that when both employers and employees are too optimistic about the potential recovery of their company, it might have the result that interventions can only start or are only accepted at a later phase than would have been advisable.

It is important not to limit anticipatory efforts to the region under consideration, but also to look beyond the region. On the one hand, national or global economic and political developments might have an important effect on the region and hence should be considered. On the other hand, more general developments might result in a kind of competition among regions for available support instruments (as experienced, for example, in the French case study conducted for this project) and should thus be anticipated. Furthermore, decision-making in some multinationals might not take place at the local branch, but at the headquarters situated elsewhere, and consequently developments beyond the region might influence it.

The issue of finance is always relevant in the context of support provision. Due to their comprehensive character and the need to cover a huge number of beneficiaries, regional approaches to cope with the consequences of large-scale restructuring tend to be costly. Nevertheless, the case studies show that sustainable funding is essential, as the long-term effects also have to be considered. The analysed cases also show that the funding does not necessarily need to be provided solely by the national or regional government. Rather, this study described measures that were largely financed by the restructuring company (in spite of being in crisis), by social partners, or co-funded by the EGF or ESF. Hence, the general character of the multistakeholder approach can also be applied to the financial aspect, and creative or innovative solutions should be explored in this context.

Due to the high budgetary implications of such packages, the need for evaluation becomes even more pressing. Strategies should be accompanied by regular monitoring to assess the effectiveness of how funds are applied and, if needed, to suggest adjustments to be implemented in order to ensure that the money is used in the best way possible.

From a more macro-level perspective, a generally healthy economic structure can help to cushion the effects of large-scale restructuring. Both the data analysis and the case studies conducted in this project suggest that mono-industry regions are more vulnerable to economic shocks – be they general or related to a single, large regional company – while specialisation and agglomeration also have advantages, widely known as cluster effects. From a regional perspective, it would be good to find a balance between the two extremes. The regional structure should consider natural strengths and weaknesses and support regional economic development. In this context, it is also important to consider the specific situation and needs of SMEs and to provide safety nets so that they are not burdened by the restructuring of their larger counterparts. One possible intervention could be to allow them access to support not only when they are in difficulties, but at an earlier stage when just the threat of restructuring exists due to developments in the region or large market players potentially affecting them.

Along the same lines, but from a labour market perspective, proactive measures to reduce the number of regional workers who suffer most from large-scale restructuring are recommended – for example, through enhanced measures to integrate unemployed people, qualification instruments targeted at low-skilled workers or measures for older employees. Furthermore, people who were outside of the labour market before the restructuring happened should not be neglected; the comprehensive support packages should also provide a specific focus on these workers, not only on those newly unemployed.

Finally, although only very limited information is available, it is assumed that large-scale restructuring has some potential to result in social polarisation and a downward trend in working conditions in the region. Consequently, labour market and social policies, for example in the field of flexicurity (including occupational and geographic mobility), should ensure that working and living conditions are maintained.

Table 17: Overview of main conclusions and policy pointers

Conclusions	Policy pointers
Pre-established cooperation of regional actors considerably facilitates ownership of all relevant stakeholders in the regional strategy to tackle restructuring and reduces the risk of parties forcing win–lose rather than win–win situations (with mutual concessions)	Foster a common regional spirit through a joint vision, networking and exchange
	Foster corporate social responsibility
The diversity of regional effects of large-scale restructuring (as regards time horizons, affected groups, orientation and content of effects) requires the design and implementation of an integrated strategic approach	Ensure active multistakeholder involvement
	Include short-term/emergency as well as long-term/strategic measures (going beyond path dependency), covering various policy fields (economic, labour market, social policies) and target groups; also ensure adequate delivery mechanisms and consideration of regional characteristics
	Coordinate cooperation of the various actors and service provision by assigning clear responsibilities, aligning individual instruments to each other and ensuring easy access (one-stop shops)
	Tailor the intervention approach to the regional characteristics while taking advantage of other regions' experiences (exchange, assessment of transferability)
Delays in interventions hamper their effectiveness, hence prompt design and implementation are required	Continuously monitor regional economic, labour market and social developments – ‘anticipatory local risk management’
	Give regional-level actors some degree of flexibility or autonomy to make decisions and implement them
Effectiveness of intervention is closely related to the competence and expertise of local actors	Provide local actors with the required skills on policy development and implementation and encourage them to go beyond what has been always done
Regional interventions might be costly, but sustainable funding is essential	Establish funding models fed by various actors, including applying for European funds
	Implement systematic evaluation and monitoring tools to assess the effectiveness of the invested funds and make adaptations if necessary
A generally healthy economic and labour market structure can help to cushion the effects of large-scale restructuring, including social polarisation	Find a balance between regional specialisation (facilitating regional economic development, for example through the availability of skills/workforce or cluster effects) and diversification (to reduce dependency effects between businesses)
	Consider the specific situation and needs of regional SMEs and provide safety nets so that large-scale restructuring does not happen at the expense of SMEs; for example, provide access to support when in threat of difficulties, not only when difficulties actually happen
	Provide proactive regional measures to reduce the number of regional workers or inhabitants who generally suffer most from restructuring, such as less well-educated workers
	Make sure that flexicurity principles are observed in the regional labour market in order to avoid a downward movement of working and living conditions after the restructuring if labour supply is suddenly considerably higher than demand

Source: Eurofound (based on the case studies and literature review); OECD (2011); European Commission (2012a)

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Annex 2: Summary NUTS 2 labour market and restructuring data

Code	Region	ERM				EU-LFS						National accounts		Population (Eurostat)			
		Large-scale restructuring activity (2002-2013)				Total employment		Employment rate (%)		Manufacturing share (%)		Services share (%)		Overall sector shift		GDP per head (EU27=100)	% p.a. population growth 2002-2013
		Job loss	Announced job loss p.a. per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012		
AT11	AT_Burgenland	535	1	440	975	134.9	-1.6	73.7	-2.3	15.2	-0.3	67.9	3.4	3.5	88	95	0.3
AT12	AT_Lower Austria	4,074	0	1,720	5,794	798.0	0.7	77.0	-0.2	16.6	-0.5	68.2	2.3	3.1	108	115	0.4
AT13	AT_Vienna	6,549	1	660	7,209	817.2	4.0	71.1	0.7	8.1	-1.5	83.4	0.6	3.8	175	181	1.0
AT21	AT_Carinthia	2,096	1	800	2,896	263.9	0.2	73.0	0.0	17.3	0.2	65.4	-0.2	2.4	112	117	-0.1
AT22	AT_Styria	6,641	1	3,560	10,201	598.9	2.1	74.8	0.2	20.9	1.4	62.3	-0.1	2.5	115	121	0.2
AT31	AT_Upper Austria	5,487	1	3,480	8,967	728.9	2.0	78.5	0.7	23.8	1.5	60.7	-0.4	5.6	130	138	0.3
AT32	AT_Salzburg	2,148	1	1,150	3,298	279.7	2.5	79.5	1.4	15.6	0.7	70.1	-1.9	2.7	150	160	0.3
AT33	AT_Tyrol	3,154	1	100	3,254	372.5	4.2	78.0	2.1	15.2	-0.7	69.2	0.4	2.4	139	145	0.5
AT34	AT_Vorarlberg	1,589	1	700	2,289	189.8	4.0	77.8	1.5	26.1	0.0	60.3	-1.0	4.7	138	148	0.5
BE10	BE_Brussels-Capital Region	8,610	2	3,059	11,669	420.1	5.3	58.2	-2.0	7.1	-2.0	87.2	3.3	4.2	246	251	1.8
BE21	BE_Antwerp	19,315	3	990	20,305	752.1	1.0	69.4	-1.4	17.0	-3.5	75.6	4.8	5.6	150	153	0.8
BE22	BE_Limburg	10,380	2	782	11,162	368.9	1.6	69.1	-0.3	17.4	-5.0	73.6	6.1	7.5	105	109	0.7
BE23	BE_East Flanders	5,768	1	1,622	7,390	647.2	0.5	73.2	-1.1	18.0	-2.8	72.5	1.8	4.1	114	120	0.7
BE24	BE_Flemish Brabant	5,830	1	1,850	7,680	485.2	2.0	73.8	0.1	11.9	-0.9	82.8	1.4	3.6	134	141	0.7
BE25	BE_West Flanders	3,578	1	0	3,578	502.5	0.5	72.4	-0.4	18.5	-3.6	70.8	3.7	5.6	121	126	0.4
BE31	BE_Walloon Brabant	523	0	225	748	161.1	1.9	68.8	-1.1	10.8	-2.1	81.8	3.6	5.4	124	147	0.9
BE32	BE_Hainaut	9,725	2	2,530	12,255	471.1	0.0	58.9	-0.5	13.7	-2.7	77.4	3.1	4.9	84	87	0.4
BE33	BE_Liège	7,639	1	1,805	9,444	410.4	2.3	61.8	-0.7	13.5	-3.0	77.1	4.3	5.2	94	99	0.6
BE34	BE_Luxembourg (Belgium)	91	0	280	371	114.0	5.3	68.6	1.3	11.1	-1.0	74.6	0.9	3.3	89	90	1.0
BE35	BE_Namur	929	1	150	1,079	191.2	4.4	65.3	0.7	10.4	-1.6	79.1	2.5	6.2	89	96	0.8
BG31	BG_Severozapaden	1,128	0	6,394	7,522	284.3	-26.4	58.0	-7.9	28.8	-2.5	58.2	4.9	6.6	10	12	-1.8
BG32	BG_Severen tsentralen	1,806	1	5,222	7,028	318.3	-17.6	59.8	-4.6	29.1	-2.3	55.5	5.3	7.1	11	13	-1.3
BG33	BG_Severoiztochen	370	0	4,830	5,200	364.2	-17.8	58.9	-9.5	19.0	-2.5	63.9	7.5	7.7	13	16	-0.5
BG34	BG_Yugoiztochen	2,746	1	8,345	11,091	422.2	-11.2	62.4	-7.1	28.5	-0.7	55.4	4.9	4.9	13	16	-0.7
BG41	BG_Yugozapaden	9,424	1	21,030	30,454	977.5	-8.5	69.2	-8.3	19.2	-2.1	71.1	5.9	n.a.	23	34	0.1
BG42	BG_Yuzhen tsentralen	3,351	1	5,652	9,003	567.5	-17.8	61.2	-8.6	28.4	-1.3	54.4	5.1	5.5	11	14	-0.8
HR04	HR_Kontinentalna Hrvatska	0	n.a.	0	0	984.6	-16.4	56.0	-8.2	22.2	-0.7	54.6	3.0	4.4	38	42	-0.5

Effects of restructuring at regional level and approaches to dealing with the consequences

Code	Region	ERM				EU-LFS						National accounts		Population (Eurostat)			
		Large-scale restructuring activity (2002-2013)				Total employment		Employment rate (%)		Manufacturing share (%)		Services share (%)		Overall sector shift	GDP per head (EU27=100)	% p.a. population growth 2002-2013	
	Job loss	Announced job loss p.a. per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	2010	2010
HR03	HR_Jadranska Hrvatska	350	400	750	461.3	-6.0	54.0	-6.1	18.2	-0.7	67.8	2.3	3.7	36	41	-0.2	
CY00	CY_Cyprus	4,324	1,593	5,917	388.6	1.5	70.2	-6.3	9.7	-1.3	76.9	4.2	5.5	82	86	2.1	
CZ01	CZ_Prague	7,124	8,646	15,770	647.6	0.3	76.9	0.3	10.6	0.5	80.5	-1.0	5.2	102	126	0.7	
CZ02	CZ_Central Bohemian Region	13,839	28,981	42,820	623.7	3.9	74.4	-0.2	27.1	-3.4	61.6	5.0	5.0	46	51	1.4	
CZ03	CZ_Jihozápad (South-west)	8,543	17,575	26,118	572.4	-3.9	73.1	-1.8	31.8	-1.5	53.2	1.3	2.9	45	51	0.3	
CZ04	CZ_Severozápad (North-west)	9,931	30,563	40,584	492.7	-5.5	66.8	-1.6	32.0	-0.9	56.0	1.6	3.6	39	46	0.0	
CZ05	CZ_Severovýchod (North-east)	9,727	22,195	31,922	684.1	-3.8	70.7	-1.2	35.2	-3.3	52.5	3.6	3.9	41	48	0.1	
CZ06	CZ_Jihovýchod (South-east)	8,411	26,391	34,802	769.8	-1.9	70.9	-0.9	30.4	-1.7	56.9	4.1	4.2	43	52	0.2	
CZ07	CZ_Sřední Morava (Central Moravia)	9,060	10,348	19,408	556.8	-4.1	70.6	-1.0	35.1	0.1	52.6	1.6	3.6	38	47	-0.1	
CZ08	CZ_Moravian-Silesian Region	15,512	30,591	46,103	543.0	-4.7	68.2	-0.9	35.2	-0.2	55.4	2.2	2.6	40	49	-0.3	
DK01	DK_Hovedstaden	25,049	3,700	28,749	864.6	-3.5	76.6	-4.5	9.2	-0.8	86.1	2.2	3.1	201	214	1.0	
DK02	DK_Sjælland	3,162	650	3,812	382.2	-7.3	75.2	-3.4	13.0	-1.4	75.7	1.5	4.1	123	123	0.0	
DK03	DK_Syddanmark	17,225	880	18,105	556.9	-7.6	74.1	-4.7	17.7	-2.4	72.1	3.8	4.2	151	156	0.2	
DK04	DK_Midjylland	12,592	2,293	14,885	614.1	-6.7	75.5	-5.3	16.5	-2.3	73.9	3.4	3.7	156	159	0.6	
DK05	DK_Nordjylland	9,110	379	9,489	270.9	-8.8	74.3	-4.6	16.0	-3.2	72.9	2.3	3.8	148	149	0.1	
EE00	EE_Estonia	13,213	14,277	27,490	624.4	-5.1	72.1	-4.9	21.7	-1.4	64.1	3.6	5.6	42	44	-0.3	
FI13	FI_East Finland	2,596	250	2,846	541.5	1.2	69.0	1.4	16.2	0.7	68.8	0.7	n.a.	121	110	n.a.	
FI18	FI_South Finland	13,055	1,200	14,255	1,316.4	1.1	76.7	0.1	13.3	-1.7	77.6	2.0	n.a.	177	156	n.a.	
FI19	FI_West Finland	5,412	400	5,812	610.1	-2.2	72.7	-2.3	20.4	-3.2	66.9	4.1	4.3	118	123	0.4	
FI1A	FI_North Finland	7,551	1,050	8,601	541.5	1.2	69.0	1.4	16.2	0.7	68.8	0.7	n.a.	108	110	n.a.	
FI20	FI_Åland	145	0	145	15.3	0.7	86.4	-2.0	0.0	0.0	58.8	-1.7	2.0	169	165	0.9	
FR10	FR_Ile de France	24,947	24,855	49,802	5,269.4	-1.0	72.2	-1.6	9.0	-1.3	85.0	1.1	3.4	184	204	0.6	
FR21	FR_Champagne-Ardenne	5,431	2,004	7,435	513.7	-6.2	67.0	-2.6	18.9	-0.2	65.3	0.1	4.3	109	104	-0.1	
FR22	FR_Picardie	10,483	3,150	13,633	756.7	-5.7	66.9	-4.0	17.2	-3.7	72.3	1.4	4.3	94	93	0.2	
FR23	FR_Haute-Normandie	9,102	2,210	11,312	725.9	-1.8	66.8	-1.5	20.3	0.1	70.0	1.9	6.2	107	106	0.3	
FR24	FR_Centre	7,617	6,843	14,460	1,017.3	-4.0	69.2	-2.6	17.3	-0.2	71.1	0.8	3.7	105	102	0.4	
FR25	FR_Basse-Normandie	3,113	2,795	5,908	584.5	-7.9	70.3	-2.9	15.5	-2.1	69.9	1.1	5.7	98	95	0.3	

Effects of restructuring at regional level and approaches to dealing with the consequences

Code	Region	ERM				EU-LFS						National accounts		Population (Eurostat)			
		Large-scale restructuring activity (2002-2013)				Total employment (%)		Employment rate		Manufacturing share (%)		Services share (%)		Overall sector shift	GDP per head (EU27=100)	% p.a. population growth 2002-2013	
		Job loss	Announced job loss p.a. per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	Change 2008-2012	2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012				2010
FR26	FR_Bourgogne	4,307	1	2,840	7,147	656.4	-1.5	69.7	-1.0	16.1	-3.9	70.8	2.9	6.9	104	101	0.1
FR30	FR_Nord-Pas-de-Calais	15,078	1	13,995	29,073	1,512.7	0.9	62.8	-0.3	16.9	0.1	75.0	0.5	2.2	97	98	0.1
FR41	FR_Lorraine	12,673	1	5,726	18,399	932.2	-1.8	65.9	-2.1	17.3	-5.1	72.9	5.0	6.2	98	94	0.1
FR42	FR_Alsace	10,836	1	2,250	13,086	820.2	-3.0	70.5	-3.2	21.2	1.2	70.2	0.6	7.1	112	113	0.5
FR43	FR_Franche-Comté	2,865	1	1,150	4,015	486.6	3.8	70.6	-1.2	26.7	1.1	60.9	0.3	3.6	100	97	0.4
FR51	FR_Pays de la Loire	10,616	1	15,186	25,802	1,513.8	3.8	72.2	1.3	18.8	-2.3	69.1	1.7	3.5	108	108	0.9
FR52	FR_Bretagne	7,019	0	8,715	15,734	1,308.7	1.1	70.3	-1.0	14.8	-0.2	72.1	0.6	3.8	106	100	0.8
FR53	FR_Poitou-Charentes	4,022	1	1,666	5,688	720.7	0.0	70.8	-0.9	18.0	0.3	68.0	-1.3	3.5	99	97	0.6
FR61	FR_Aquitaine	6,521	0	2,210	8,731	1,302.7	-0.3	68.7	-1.8	11.1	-3.6	75.9	3.1	6.8	109	107	0.9
FR62	FR_Midi-Pyrénées	5,249	0	5,394	10,643	1,220.6	-0.5	71.6	-1.6	13.6	-1.1	73.8	2.2	6.5	111	107	1.0
FR63	FR_Limousin	1,429	1	1,237	2,666	295.0	-4.6	70.2	-2.0	14.0	-0.4	69.3	-0.6	8.8	98	93	0.3
FR71	FR_Rhône-Alpes	16,835	1	8,871	25,706	2,676.7	3.5	71.8	0.9	16.8	-2.9	72.0	1.3	4.6	122	122	0.9
FR72	FR_Auvergne	1,789	0	2,050	3,839	538.5	-1.4	68.6	-2.0	17.9	-0.3	67.0	-3.7	4.7	100	97	0.2
FR81	FR_Languedoc-Roussillon	3,767	0	1,461	5,228	921.2	-2.4	60.4	-2.7	9.4	0.6	78.8	-1.9	3.0	95	94	1.3
FR82	FR_Provence-Alpes-Côte d'Azur	5,910	0	7,608	13,518	1,948.3	1.8	67.8	0.7	9.9	0.2	80.0	0.2	2.6	114	116	0.6
FR83	FR_Corse	150	0	0	150	76.5	-21.4	65.7	5.5	14.9	7.7	66.8	-2.7	n.a.	93	101	1.6
DE11	DE_Stuttgart	11,141	1	1,125	12,266	2,041.3	0.6	80.0	0.3	30.4	-2.0	62.4	2.2	3.9	143	151	0.2
DE12	DE_Karlsruhe	6,675	0	1,480	8,155	1,387.5	2.7	78.2	0.2	26.7	-1.4	67.6	2.0	2.7	137	139	0.2
DE13	DE_Freiburg	6,875	0	0	6,875	1,170.8	4.3	81.8	1.3	28.2	-1.2	63.8	1.7	3.2	117	117	0.3
DE14	DE_Tübingen	4,206	0	880	5,086	947.2	3.5	80.6	0.8	31.8	0.2	59.5	-0.2	2.4	125	131	0.2
DE21	DE_Upper Bavaria	8,510	0	3,220	11,730	2,358.9	5.8	81.3	2.1	19.7	-0.7	72.6	0.6	2.1	170	172	0.8
DE22	DE_Lower Bavaria	747	0	0	747	625.4	3.1	79.6	1.3	26.8	-0.7	59.7	2.3	2.6	117	123	0.1
DE23	DE_Upper Palatinate	1,450	0	450	1,900	563.0	1.7	78.1	-0.9	28.2	0.0	61.9	1.4	3.9	123	128	0.0
DE24	DE_Upper Franconia	2,319	1	100	2,419	545.0	2.3	79.0	2.9	28.8	-2.6	62.0	1.7	3.9	117	116	-0.4
DE25	DE_Middle Franconia	3,200	0	560	3,760	893.4	4.6	79.9	2.5	25.7	0.0	66.6	0.8	2.3	136	135	0.2
DE26	DE_Lower Franconia	1,824	0	100	1,924	682.6	2.7	79.2	1.3	26.4	-0.7	64.4	0.6	2.3	120	125	-0.2
DE27	DE_Swabia	814	0	2,300	3,114	911.1	1.7	80.3	1.5	28.3	-0.2	61.7	0.6	3.2	125	124	0.2

Effects of restructuring at regional level and approaches to dealing with the consequences

Code	Region	ERM				EU-LFS						National accounts		Population (Eurostat)			
		Large-scale restructuring activity (2002-2013)				Total employment		Employment rate (%)		Manufacturing share (%)		Services share (%)		Overall sector shift	GDP per head (EU27=100)	% p.a. population growth 2002-2013	
		Job loss	Announced job loss p.a. per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012				2006
DE30	DE_Berlin	30,554	2	3,490	34,044	1,660.9	8.8	71.4	4.9	9.3	-1.0	84.8	1.2	2.4	102	118	0.4
DE41	DE_Brandenburg	2,360	0	1,742	4,102	1,233.2	0.8	76.8	1.9	15.1	-0.7	73.0	1.7	3.3	84	87	-0.4
DE50	DE_Brennen	1,614	1	750	2,364	303.3	5.1	71.9	3.0	15.1	-3.0	79.4	4.0	5.7	163	167	0.1
DE60	DE_Hamburg	6,845	1	1,500	8,345	912.3	5.0	76.7	2.1	11.3	-1.5	83.9	1.5	4.6	196	213	0.5
DE71	DE_Darmstadt	11,193	0	1,300	12,493	1,920.3	4.7	77.5	1.6	17.9	-0.5	76.3	0.7	1.6	162	169	0.3
DE72	DE_Giessen	1,030	0	0	1,030	502.7	1.4	75.6	1.0	24.8	0.0	67.2	0.1	2.9	109	113	-0.2
DE73	DE_Kassel	1,984	0	2,800	4,784	599.3	5.6	77.3	3.5	22.7	-1.5	69.9	2.1	3.7	118	121	-0.4
DE80	DE_Mecklenburg-Vorpommern	3,038	0	8,220	11,258	762.9	-2.0	72.7	1.9	14.1	0.2	71.5	-1.3	4.0	82	85	-0.7
DE91	DE_Braunschweig	2,080	0	840	2,920	755.1	3.8	74.3	3.3	25.6	-2.9	67.7	3.0	4.0	113	121	-0.3
DE92	DE_Hanover	770	0	700	1,470	1,034.4	5.4	76.7	3.4	17.9	-1.7	74.3	1.5	2.9	117	122	-0.1
DE93	DE_Lüneburg	1,007	0	145	1,152	815.4	4.2	78.8	3.3	16.7	-1.4	71.8	1.4	3.5	85	88	0.0
DE94	DE_Weser-Ems	4,028	0	100	4,128	1,209.3	6.7	77.7	3.3	21.1	-0.8	67.4	-0.4	2.5	103	112	0.2
DEA1	DE_Düsseldorf	6,445	0	1,500	7,945	2,388.7	2.2	73.2	1.0	20.3	-1.5	73.3	1.9	2.7	130	142	-0.2
DEA2	DE_Cologne	12,179	1	1,300	13,479	2,061.1	2.6	73.9	1.6	18.5	-1.3	75.5	1.2	3.0	121	130	0.2
DEA3	DE_Münster	1,405	0	0	1,405	1,218.6	2.5	74.8	2.3	20.9	-3.2	69.9	2.4	4.2	100	112	-0.1
DEA4	DE_Detmold	2,771	0	100	2,871	976.2	3.4	77.5	1.9	26.5	-2.1	65.3	1.6	2.9	111	121	-0.1
DEA5	DE_Amsberg	2,770	0	250	3,020	1,659.1	1.2	72.7	1.9	26.3	-1.1	67.4	1.5	2.9	109	113	-0.4
DEB1	DE_Koblenz	632	0	0	632	719.9	1.7	77.5	0.8	20.7	-1.3	70.4	1.8	3.0	100	108	-0.3
DEB2	DE_Trier	700	0	0	700	259.9	0.6	79.1	0.1	17.9	-1.9	69.9	3.8	4.3	98	101	0.0
DEB3	DE_Rheinessen-Pfalz	3,167	0	135	3,320	985.8	1.9	76.3	0.7	23.1	-0.4	68.3	0.4	2.9	109	117	0.0
DEC0	DE_Saarland	1,554	0	550	2,104	469.2	2.4	72.4	0.5	24.0	2.2	68.3	-3.2	5.1	116	118	-0.5
DED1	DE_Chermitz	480	0	1,190	1,670	697.1	-0.7	76.2	3.9	25.3	25.3	62.9	0.9	n.a.	:	87	n.a.
DED2	DE_Dresden	3,190	1	3,105	6,295	762.0	0.9	77.0	3.5	20.7	-0.9	68.8	1.0	1.6	:	91	-0.4
DED3	DE_Leipzig	120	0	13,650	13,770	481.7	3.1	74.7	3.0	14.3	0.3	75.0	0.6	n.a.	:	96	n.a.
DEE0	DE_Saxony-Anhalt	1,954	0	5,585	7,539	1,078.1	-0.6	75.1	4.6	18.1	-1.1	69.1	0.8	4.1	84	87	-1.0
DEF0	DE_Schleswig-Holstein	2,906	0	0	2,906	1,375.2	2.7	77.8	2.2	14.7	-0.7	75.9	0.2	2.2	104	104	0.1
DEG0	DE_Thuringia	821	0	3,671	4,492	1,093.8	0.2	76.9	3.0	23.5	0.1	64.3	0.2	2.3	85	85	-0.8

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		Job loss	Announced job loss per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012				
EL11	GR_East Macedonia and Thrace	1,921	1	336	2,257	197.5	-19.4	55.5	-1.4	9.4	-3.9	56.4	1.7	8.0	57	61	0.3
EL12	GR_Central Macedonia	2,310	0	450	2,760	614.8	-24.3	52.5	-11.9	11.9	-4.5	70.3	6.8	9.0	63	63	0.1
EL13	GR_West Macedonia	0	n.a.	0	0	84.2	-26.6	49.8	-11.7	20.3	-0.6	54.5	3.9	6.3	71	74	-0.3
EL14	GR_Thessaly	228	0	80	308	246.0	-20.4	56.9	-9.6	10.9	-2.4	58.7	1.0	7.4	63	60	0.0
EL21	GR_Epirus	0	n.a.	1,500	1,500	119.4	-13.3	56.2	-8.5	9.6	-1.1	60.5	1.1	6.0	56	56	0.3
EL22	GR_Ionian Islands	0	n.a.	0	0	90.2	-3.8	64.9	-5.7	6.7	1.1	65.9	-2.0	9.3	77	70	-0.1
EL23	GR_West Greece	495	0	100	595	237.0	-18.2	53.1	-9.9	7.8	-1.5	60.3	-0.1	7.4	60	57	-0.6
EL24	GR_Central Greece	436	0	0	436	170.6	-29.9	51.9	-13.7	19.5	0.7	54.2	2.2	4.4	74	74	0.1
EL25	GR_Peloponnese	300	0	0	300	205.5	-24.0	60.6	-11.2	9.3	0.0	53.3	1.5	2.9	66	65	-0.1
EL30	GR_Atrica	9,131	1	2,674	11,805	1,404.4	-22.5	55.1	-12.4	11.7	-2.9	82.7	5.9	7.1	102	106	0.0
EL41	GR_South Aegean	0	n.a.	0	0	65.6	-9.5	57.7	-6.1	9.0	0.4	69.7	-0.3	6.4	64	65	0.2
EL42	GR_North Aegean	82	0	0	82	113.5	-7.9	61.2	-5.4	9.6	0.8	69.7	-4.3	6.6	96	99	1.4
EL43	GR_Crete	0	n.a.	1,000	1,000	214.3	-19.8	59.3	-10.3	7.4	-2.0	64.5	0.3	7.8	73	73	0.5
HU10	HU_Central Hungary	20,190	2	12,276	33,186	1,280.1	2.6	66.8	-1.0	14.4	-1.1	77.9	2.2	3.0	62	65	0.4
HU21	HU_Central Transdanubia	17,954	5	10,029	27,983	443.7	-3.5	64.9	-1.0	34.0	-1.1	54.3	2.1	2.8	34	34	-0.4
HU22	HU_Western Transdanubia	16,471	5	6,008	22,479	421.6	-0.7	66.7	-0.9	32.5	-1.6	54.9	0.4	4.7	38	39	-0.2
HU23	HU_Southern Transdanubia	5,953	2	4,613	10,566	335.9	0.1	57.5	1.9	24.2	0.8	60.7	0.3	4.4	25	27	-0.6
HU31	HU_Northern Hungary	8,105	3	6,705	14,810	386.5	-6.1	54.2	-0.5	30.1	1.6	58.2	0.1	5.8	24	24	-0.8
HU32	HU_Northern Great Plain	5,712	1	6,935	12,647	522.3	1.8	57.3	2.1	24.1	-1.2	61.2	1.2	4.8	24	25	-0.4
HU33	HU_Southern Great Plain	4,669	1	5,943	10,612	487.9	-0.3	60.7	1.0	23.7	-0.4	60.4	1.5	2.5	25	26	-0.6
IE01	IE_Border, Midland and Western	11,458	2	8,815	20,273	458.4	-17.3	60.4	-10.1	15.2	0.6	70.7	7.3	7.7	127	94	1.8
IE02	IE_Southern and Eastern	36,582	2	32,176	68,758	1,379.5	-13.4	64.8	-8.1	11.9	-1.4	79.1	7.6	7.7	194	161	1.5
ITC1	IT_Piemonte	18,017	1	1,550	19,567	1,845.5	-2.1	67.9	-1.3	25.4	-0.7	63.7	0.9	2.7	119	113	0.3
ITC2	IT_Valle d'Aosta	352	1	0	352	56.1	-1.4	70.6	-1.7	10.7	-2.1	69.3	2.7	3.2	134	138	0.6
ITC3	IT_Liguria	2,311	0	150	2,461	631.7	-3.0	66.0	-1.7	11.9	-1.5	79.1	2.1	3.7	111	110	0.0
ITC4	IT_Lombardia	23,878	1	3,610	27,488	4,279.8	-1.7	69.1	-2.0	26.5	-0.8	64.6	1.6	2.6	136	137	0.8
ITD1	IT_Trentino-Alto Adige (Bolzano)	560	0	0	560	245.2	3.2	76.9	1.7	13.5	-1.8	71.0	1.5	n.a.	146	151	0.9

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		Job loss	Announced job loss per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012				
ITD2	IT_Trentino-Alto Adige(Trento)	615	0	0	615	230.7	0.6	70.3	-1.1	18.3	0.0	68.6	0.1	n.a.	125	126	1.0
ITD3	IT_Veneto	6,683	0	550	7,233	2,136.1	1.1	69.3	0.5	28.2	-2.0	60.5	1.6	n.a.	126	121	0.7
ITD4	IT_Friuli-Venezia Giulia	1,798	0	790	2,588	506.5	-0.4	67.7	0.4	26.6	-0.2	64.8	1.2	n.a.	123	119	0.3
ITD5	IT_Emilía-Romagna	4,363	0	620	4,983	1,968.9	0.7	71.8	-0.8	26.5	-0.3	63.4	1.4	n.a.	:	127	n.a.
ITE1	IT_Toscana	2,509	0	570	3,079	1,559.7	-0.7	68.0	-0.9	18.5	-2.4	70.5	3.1	n.a.	115	113	0.5
ITE2	IT_Umbria	499	0	0	499	362.5	-1.0	65.6	-1.4	21.4	0.0	66.4	1.5	n.a.	102	97	0.7
ITE3	IT_Marche	1,546	0	0	1,546	645.6	-1.5	67.0	-1.2	29.5	-3.4	61.6	4.4	n.a.	:	106	n.a.
ITE4	IT_Lazio	4,873	0	1,930	6,803	2,250.1	0.4	62.8	-1.0	9.9	-0.3	80.7	1.4	n.a.	126	121	0.8
ITF1	IT_Abruzzo	846	0	380	1,226	508.0	-2.0	61.0	-2.2	22.1	0.5	64.7	-0.2	3.0	88	87	0.4
ITF2	IT_Molise	0	0	100	100	107.2	-6.5	54.7	-3.8	17.8	-0.6	63.8	2.2	3.2	86	83	-0.2
ITF3	IT_Campania	4,333	0	0	4,333	1,587.2	-5.9	43.7	-2.7	13.9	-1.6	74.4	3.7	3.7	68	66	0.1
ITF4	IT_Puglia	8,116	1	630	8,746	1,237.4	-4.0	48.8	-1.9	15.7	-0.6	67.0	1.5	2.8	71	69	0.1
ITF5	IT_Basilicata	988	1	0	988	184.9	-5.9	50.8	-3.2	17.4	0.3	64.4	0.0	2.9	76	73	-0.3
ITF6	IT_Calabria	467	0	0	467	566.3	-5.1	45.2	-3.1	8.7	0.2	72.4	0.6	5.1	68	67	-0.2
ITG1	IT_Sicilia	3,646	0	2,590	6,236	1,394.2	-6.2	44.9	-3.3	9.1	-0.7	75.3	2.8	4.1	70	69	0.1
ITG2	IT_Sardegna	1,320	0	700	2,020	595.3	-2.6	55.2	-1.1	9.1	-2.2	77.2	4.8	5.2	80	81	0.1
LV00	LV_Latvia	10,608	1	4,819	15,427	885.6	-27.0	68.2	-7.6	16.4	-1.3	68.0	5.0	6.6	30	35	-1.2
LT00	LT_Lithuania	27,217	2	26,485	53,702	1,278.5	-18.9	68.7	-3.3	18.0	-1.7	66.1	4.7	5.7	31	36	-1.3
LU00	LU_Luxembourg	6,574	3	1,095	7,669	236.1	14.3	71.4	2.6	6.3	-1.2	86.0	3.0	6.2	303	321	1.9
MT00	MT_Malta	4,862	4	9,526	14,388	172.6	7.1	63.1	4.0	15.9	-1.9	76.9	4.8	5.2	54	62	0.6
NL11	NL_Groningen	1,309	0	480	1,789	283.8	-3.4	74.1	-0.5	12.9	-0.5	78.6	0.6	5.0	182	199	0.2
NL12	NL_Friesland	1,615	0	0	1,615	314.0	-3.6	76.6	-1.81	12.0	-2.3	76.0	2.7	4.4	111	115	0.2
NL13	NL_Drenthe	1,770	1	0	1,770	235.0	-1.4	75.8	-1.2	12.8	-2.3	75.7	2.1	6.2	107	106	0.2
NL21	NL_Overijssel	2,237	0	520	2,757	560.9	-4.9	77.7	-2.7	14.7	-1.0	74.6	1.2	4.7	118	128	0.4
NL22	NL_Gelderland	6,529	1	500	7,029	1,011.4	-2.6	77.7	-1.9	11.6	-1.5	79.3	3.3	4.8	117	122	0.3
NL23	NL_Flevoland	1,230	1	0	1,230	200.8	0.2	77.5	-2.4	9.8	1.2	80.6	-1.8	5.2	106	103	1.5
NL31	NL_Utrecht	3,345	1	450	3,795	655.9	0.4	80.7	-0.9	7.3	-0.6	86.2	1.0	4.2	164	171	0.8

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		Large-scale restructuring activity (2002-2013)				Total employment		Employment rate (%)		Manufacturing share (%)		Services share (%)		Overall sector shift	Dissim. index	GDP per head (EU27=100)	2010	2013
		Job loss	Announced job loss p.a. per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012					
NL32	NL_North Holland	10,719	1	380	11,099	1,404.8	-1.0	78.0	-2.1	8.2	-0.1	85.2	0.7	4.2	159	166	0.6	
NL33	NL_South Holland	8,983	1	300	9,283	1,762.1	-1.9	75.8	-2.4	9.2	-0.2	82.5	0.4	3.2	142	144	0.4	
NL34	NL_Zeeland	1,530	1	0	1,530	189.6	1.0	77.8	1.3	15.9	-0.1	70.8	-2.9	4.8	122	135	0.1	
NL41	NL_North Brabant	8,075	1	600	8,675	1,259.2	-2.2	78.3	-1.3	14.8	-2.4	75.1	2.3	4.6	139	144	0.3	
NL42	NL_Limburg	6,499	1	1,300	7,799	544.8	-3.7	74.8	-0.2	14.7	-3.0	76.7	3.0	5.8	123	129	-0.2	
NO01	NO_Oslo og Akershus	2,200	0	360	2,560	641.1	4.5	81.5	-1.8	5.4	-0.8	89.0	0.3	n.a.	283	n.a.	n.a.	
NO02	NO_Hedmark og Oppland	1,068	1	0	1,068	183.5	0.1	77.0	-2.2	11.9	-0.3	76.3	8.0	n.a.	150	n.a.	n.a.	
NO03	NO_Sør-Østlandet	2,148	1	280	2,428	477.2	2.1	77.9	-2.1	14.5	-1.8	75.5	3.1	n.a.	163	n.a.	n.a.	
NO04	NO_Agder og Rogaland	2,022	1	1,390	3,412	382.3	4.2	81.0	-1.3	19.6	-1.1	69.9	2.5	n.a.	224	n.a.	n.a.	
NO05	NO_Vestlandet	1,934	1	100	2,034	447.2	2.5	81.6	-2.2	17.2	-0.8	71.8	1.5	n.a.	209	n.a.	n.a.	
NO06	NO_Tromsdelag	260	0	0	260	219.7	2.0	79.3	-2.8	12.2	-0.9	74.8	4.7	n.a.	181	n.a.	n.a.	
NO06	NO_Nord-Norge	743	0	575	1,318	234.5	0.6	77.6	-1.2	10.1	0.9	76.8	1.0	n.a.	176	n.a.	n.a.	
PL11	PL_Łódzkie	3,870	0	56,900	60,770	1,193.0	-11.6	65.7	-0.9	25.5	0.2	54.9	3.7	3.9	28	35	-0.3	
PL12	PL_Mazowieckie	16,434	1	24,974	41,408	2,450.1	-1.2	71.1	1.0	14.8	-2.4	66.7	4.4	4.4	48	61	0.3	
PL21	PL_Matopolskie	8,152	1	26,761	34,913	1,297.7	-1.8	64.7	-2.6	21.6	-0.2	55.8	1.8	4.0	26	32	0.4	
PL22	PL_Śląskie	42,377	3	68,541	110,918	1,907.8	4.5	62.0	0.7	31.0	-1.3	58.4	1.0	2.7	32	40	-0.3	
PL31	PL_Lubelskie	3,616	0	7,587	11,203	947.2	-4.0	65.8	0.8	14.5	-1.0	50.8	2.8	3.2	20	25	-0.1	
PL32	PL_Podkarpackie	13,182	2	12,765	25,947	807.2	-8.2	63.2	-1.6	22.7	-0.3	49.4	1.4	4.5	21	25	0.1	
PL33	PL_Świętokrzyskie	3,569	1	2,700	6,269	583.8	-1.1	64.2	-3.1	19.6	-2.7	46.9	3.3	3.8	23	29	-0.2	
PL34	PL_Podlaskie	2,347	1	7,891	10,238	458.5	-8.3	67.2	-1.0	16.2	0.0	51.0	1.4	3.0	22	27	-0.1	
PL41	PL_Wielkopolskie	9,210	1	16,236	25,446	1,372.8	5.4	65.9	-0.2	26.0	-2.4	51.9	3.9	4.4	32	39	0.3	
PL42	PL_Zachodniopomorskie	5,451	1	26,506	31,957	561.6	-0.7	60.4	1.0	20.4	-1.5	61.7	0.1	4.9	27	33	0.1	
PL43	PL_Lubuskie	2,818	1	19,666	22,484	405.7	-2.6	62.1	-1.1	25.8	-2.1	57.9	2.9	5.1	27	32	0.1	
PL51	PL_Dolnośląskie	7,125	1	94,045	101,170	1,087.9	-5.6	62.2	0.3	26.5	-4.4	58.5	4.2	5.4	32	42	0.0	
PL52	PL_Opolskie	1,935	1	7,016	8,951	360.9	-6.7	64.0	1.3	27.5	0.5	49.4	-0.6	1.9	24	30	-0.5	
PL61	PL_Kujawsko-Pomorskie	6,954	1	15,040	21,994	791.1	7.4	63.4	2.2	22.8	-3.3	53.1	4.0	5.4	26	32	0.1	
PL62	PL_Warmińsko-Mazurskie	4,412	1	12,288	16,700	506.2	-10.5	58.5	-3.7	23.5	-0.3	55.0	2.0	3.6	23	28	0.1	

Effects of restructuring at regional level and approaches to dealing with the consequences

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		Large-scale restructuring activity (2002-2013)				Total employment		Employment rate (%)		Manufacturing share (%)		Services share (%)		Overall sector shift	GDP per head (EU27=100)	% p.a. population growth 2002-2013	
		Job loss	Announced job loss p.a. per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012				2006
PL63	PL_Pomorskie	6,774	1	25,897	32,671	859.2	7.5	64.0	-1.0	20.4	-5.2	62.3	2.9	6.5	30	36	0.5
PT11	PT_Norte	24,219	1	9,264	33,483	1,654.7	-9.5	65.5	-5.5	26.2	-0.8	53.6	3.5	4.5	50	53	0.0
PT15	PT_Algarve	314	0	1,904	2,218	186.4	-9.0	66.3	-7.9	5.2	-0.7	75.2	5.5	8.3	72	68	1.2
PT16	PT_Centro	7,627	1	4,231	11,858	1,106.5	-16.8	69.7	-7.5	18.1	-1.6	56.5	8.6	8.6	54	56	-0.2
PT17	PT_Lisboa Region	11,246	1	21,785	33,031	1,170.2	-13.4	65.9	-7.5	10.9	0.0	80.8	1.4	3.8	90	93	0.4
PT18	PT_Alenjejo	1,594	0	2,773	4,367	308.1	-8.1	66.1	-4.8	14.6	-0.4	62.8	-1.5	8.1	60	61	-0.2
PT20	PT_Acores	0	n.a.	0	0	102.2	-8.8	62.8	-7.6	7.6	-2.3	66.7	12.3	13.3	59	62	0.4
PT30	PT_Madeira	100	0	0	100	106.5	-11.3	63.7	-9.1	6.8	-0.8	71.7	7.3	9.1	85	86	0.9
RO11	RO_North-West	12,844	1	48,474	61,318	1,212.1	7.0	66.2	4.6	25.3	-1.3	39.9	-0.2	3.8	18	21	-0.6
RO12	RO_Centru	10,672	1	21,954	32,626	953.5	-7.8	57.5	-4.5	31.2	-4.3	47.3	6.7	6.7	19	23	-0.7
RO21	RO_North-East	11,981	1	6,900	18,881	1,764.3	5.1	69.9	3.8	13.2	-2.0	31.3	0.7	3.8	12	15	-1.2
RO22	RO_South-East	24,553	3	12,030	36,583	1,103.0	-4.8	57.8	-2.4	21.3	-1.5	41.7	1.7	3.4	16	20	-1.2
RO31	RO_South-Muntenia	14,533	1	20,190	34,723	1,340.7	-10.8	61.3	-5.1	22.3	-1.6	38.1	5.0	5.1	16	20	-0.8
RO32	RO_Bucharest-Ilfov	15,582	2	32,717	48,299	1,055.3	2.2	67.9	-0.3	11.3	-4.4	78.1	6.8	7.8	42	56	0.3
RO41	RO_South-West Oltenia	10,056	1	13,276	23,332	1,022.3	-1.7	65.5	0.1	17.0	-3.1	31.0	0.7	4.0	15	18	-1.2
RO42	RO_West	20,869	3	19,734	40,603	811.6	-1.9	63.2	-2.0	36.0	-0.5	38.5	0.4	1.5	22	27	-0.7
SK01	SK_Bratislava Region	5,180	2	25,038	30,218	318.9	-4.5	76.3	-1.7	15.0	-0.4	77.9	2.2	4.0	81	119	0.2
SK02	SK_Western Slovakia	15,190	2	44,822	60,012	828.9	-7.7	67.0	-5.1	32.6	-1.5	54.2	2.1	2.6	34	46	-0.1
SK03	SK_Central Slovakia	10,878	2	29,742	40,620	566.4	-2.1	63.3	-2.6	28.2	-2.8	56.4	4.4	4.7	27	40	0.0
SK04	SK_Eastern Slovakia	10,878	2	36,120	46,998	614.8	-2.4	59.7	-3.8	25.3	-3.9	58.9	4.6	5.1	24	33	0.3
SI01	SI_Eastern Slovenia	29,987	8	10,726	40,713	481.8	-9.5	66.9	-4.7	28.7	-3.3	53.1	3.5	5.4	54	59	0.0
SI02	SI_Western Slovenia	19,138	5	5,968	25,106	442.0	-6.0	69.8	-5.0	21.0	-3.4	68.8	5.1	5.2	79	85	0.6
ES11	ES_Galicia	1,962	0	610	2,572	1,039.4	-15.5	61.1	-7.4	15.8	-2.2	69.0	6.0	6.2	78	84	0.2
ES12	ES_Asturias	3,328	1	400	3,728	376.2	-20.0	56.7	-8.7	14.8	-1.0	72.7	4.5	5.6	85	87	0.1
ES13	ES_Cantabria	1,434	1	100	1,534	229.2	-13.7	61.9	-7.4	16.4	-3.2	72.9	10.0	9.8	93	91	0.9
ES21	ES_Basque Community	4,552	1	4,140	8,692	875.3	-13.7	66.7	-5.0	21.0	-2.6	71.6	5.7	7.0	121	123	0.4
ES22	ES_Navarre	2,172	1	0	2,172	256.5	-12.0	67.0	-7.1	25.5	-1.7	64.2	7.0	6.9	118	118	1.4

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		Job loss	Announced job loss per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	2010	2010	
ES23	ES_La Rioja	475	0	850	1,325	121.6	-20.6	63.1	-9.4	24.2	-1.6	61.8	4.3	6.9	101	103	1.4
ES24	ES_Aragon	4,629	1	2,150	6,779	533.7	-14.6	66.0	-7.8	18.1	-3.1	69.1	6.1	7.2	101	104	1.0
ES30	ES_Madrid	26,662	1	5,173	31,835	2,741.1	-11.8	66.9	-6.8	9.6	-0.8	85.0	6.1	7.4	123	121	1.7
ES41	ES_Castile-León	6,352	1	1,020	7,372	943.3	-13.2	62.4	-5.8	16.0	-1.5	68.4	4.9	5.6	90	90	0.2
ES42	ES_Castile-La Mancha	1,229	0	1,754	2,983	710.9	-18.6	55.8	-10.7	16.6	-0.9	67.6	7.4	8.3	73	74	1.7
ES43	ES_Extremadura	1,117	0	162	1,279	336.2	-21.7	50.4	-10.6	11.5	0.1	68.6	4.8	6.0	64	65	0.4
ES51	ES_Catalonia	27,839	1	4,699	32,538	2,889.2	-21.0	63.5	-10.3	18.6	-2.8	73.0	7.6	8.1	111	109	1.6
ES52	ES_Valencian Community	8,637	0	1,636	10,273	1,804.6	-23.4	56.6	-11.9	17.2	-1.5	72.2	7.2	8.0	86	82	1.8
ES53	ES_Balearic Islands	3,123	1	250	3,373	464.7	-9.7	64.5	-7.8	7.3	-1.2	82.1	7.4	7.7	104	98	2.5
ES61	ES_Andalusia	7,807	0	4,197	12,004	2,627.8	-19.9	50.1	-9.8	9.0	-1.1	77.3	7.9	8.8	73	71	1.3
ES62	ES_Region of Murcia	0	0	870	870	535.2	-17.3	57.0	-9.9	13.1	-2.0	67.0	5.5	10.1	79	78	2.0
ES63	ES_Ceuta	0	n.a.	0	0	21.2	-22.6	45.9	-9.8	0.0	0.0	91.0	9.9	8.7	86	83	1.6
ES64	ES_Melilla	0	n.a.	0	0	23.0	3.9	49.4	-4.8	0.0	0.0	89.6	13.5	18.2	85	75	2.3
ES70	ES_Canarias	71	0	0	71	750.9	-14.8	52.7	-9.0	5.3	-1.7	85.8	8.2	9.0	84	80	1.7
SE11	SE_Stockholm	12,185	1	1,510	13,695	1,106.0	5.5	82.4	-0.8	5.4	-0.1	88.0	-0.3	1.9	201	207	1.4
SE12	SE_East Middle Sweden	11,035	2	1,427	12,462	746.9	0.6	77.3	-0.8	14.5	-2.2	75.5	2.0	3.1	127	130	0.6
SE21	SE_Småland and the islands	8,301	2	1,936	10,237	395.3	-4.1	80.8	-2.1	21.2	-2.0	68.0	1.8	3.3	131	133	0.2
SE22	SE_South Sweden	12,002	2	1,646	13,648	664.1	0.4	76.8	-2.1	12.0	-1.7	79.0	1.7	2.8	131	132	0.9
SE23	SE_West Sweden	20,432	2	3,616	24,048	945.1	2.2	80.0	-1.2	14.9	-2.5	76.9	2.6	2.8	143	144	0.6
SE31	SE_North Middle Sweden	8,635	3	800	9,435	389.1	-0.6	78.5	0.4	17.7	-3.2	71.4	3.5	4.6	128	131	0.0
SE32	SE_Middle Norrland	4,607	3	345	4,952	169.7	-2.1	78.5	0.1	11.6	-2.2	76.4	1.5	2.9	132	148	-0.1
SE33	SE_Upper Norrland	1,652	1	1,619	3,271	241.1	-1.0	77.9	0.4	14.3	-1.1	75.0	1.6	2.5	142	156	0.0
UKC1	UK_Tees Valley and Durham	13,429	3	7,795	21,224	496.5	-3.9	68.4	-1.4	14.3	-1.4	76.1	3.8	6.4	95	78	0.3
UKC2	UK_Northumberland, Tyne and Wear	13,809	2	17,919	31,728	666.0	4.6	71.5	0.0	12.3	-2.4	80.6	6.5	8.3	111	89	0.3
UKD1	UK_Cumbria	6,780	3	1,925	8,705	236.8	-3.8	76.7	-0.4	16.1	0.6	68.1	1.2	6.2	106	95	0.2
UKD2	UK_Cheshire	6,845	2	400	7,245	424.3	-3.6	78.0	0.9	14.4	-0.1	77.8	0.5	n.a.	144	119	n.a.
UKD3	UK_Greater Manchester	19,092	2	1,390	20,482	1,198.3	1.0	70.9	-1.0	10.8	-3.4	81.1	4.9	7.0	120	97	0.7

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		Job loss	Announced job loss p.a. per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012				2006
UKD4	UK_Lancashire	7,873	1	2,720	10,593	654.1	-2.8	73.1	-0.3	16.2	1.1	76.1	1.3	6.6	102	84	0.3
UKD5	UK_Merseyside	7,918	2	5,320	13,238	642.9	1.9	70.0	1.2	10.8	0.9	81.6	0.9	n.a.	100	82	n.a.
UIE1	UK_East Riding and North Lincolnshire	6,024	1	321	6,345	416.3	-4.8	72.3	-2.9	16.5	-3.1	72.0	3.9	6.8	104	82	0.5
UIE2	UK_North Yorkshire	11,202	2	2,196	13,398	402.7	0.5	79.2	-1.5	11.9	-0.6	76.7	0.4	4.9	116	94	0.7
UIE3	UK_South Yorkshire	5,339	1	9,153	14,492	609.3	7.6	70.2	1.0	15.3	1.8	75.9	-0.1	3.6	103	82	0.6
UIE4	UK_West Yorkshire	7,830	1	2,020	9,850	1,035.3	-1.3	71.9	-1.7	13.6	-2.0	79.7	5.3	6.3	122	96	0.8
UIF1	UK_Derbyshire and Nottinghamshire	17,383	2	4,736	22,119	979.9	-0.9	73.3	-2.2	16.0	-1.8	75.4	3.8	4.0	118	93	0.7
UIF2	UK_Leicestershire, Rutland and Northamptonshire	11,471	2	3,350	14,821	824.9	1.1	76.3	-1.1	15.8	-3.6	76.0	3.8	6.6	129	105	0.9
UIF3	UK_Lincolnshire	2,563	1	1,350	3,913	313.5	-12.7	74.0	-3.7	16.3	0.7	69.3	1.8	7.9	96	79	1.0
UIG1	UK_Herefordshire, Worcestershire and Warwickshire	13,047	2	6,080	19,127	633.9	0.9	81.1	2.0	15.3	-2.9	75.2	4.4	7.0	118	95	0.5
UIG2	UK_Shropshire and Staffordshire	10,462	2	4,530	14,992	716.5	-4.5	75.1	-2.2	15.7	-1.7	74.9	3.8	4.9	103	82	0.4
UIG3	UK_West Midlands	19,782	2	2,075	21,857	1,117.7	2.1	68.1	0.1	14.5	-1.1	78.5	3.3	4.1	118	96	0.6
UIH1	UK_East Anglia	9,681	1	9,902	19,583	1,172.2	1.7	78.9	0.7	13.3	0.3	77.7	2.4	5.5	127	101	1.0
UIH2	UK_Bedfordshire and Hertfordshire	5,856	1	2,380	8,236	876.1	3.8	78.5	-0.3	11.6	-0.5	80.0	2.7	8.2	147	114	0.9
UIH3	UK_Essex	2,782	0	2,620	5,402	843.5	3.3	75.8	-0.8	10.3	-1.3	79.7	2.1	2.8	113	90	0.8
UII1	UK_Inner London	12,456	1	0	12,456	1,562.3	2.2	71.1	-1.0	3.6	-1.4	91.5	2.3	4.9	371	331	1.2
UII2	UK_Outer London	5,050	0	0	5,050	2,278.7	2.1	73.6	-1.4	5.1	-3.2	86.2	3.6	5.3	120	96	1.0
UIJ1	UK_Berkshire, Buckinghamshire, and Oxfordshire	7,922	1	1,500	9,422	1,184.8	1.8	80.3	-1.5	10.2	-1.7	82.4	3.1	4.8	177	144	0.9
UIJ2	UK_Surrey, East and West Sussex	6,186	1	802	6,988	1,326.8	0.6	78.3	-1.1	8.8	-0.3	82.7	1.5	5.4	141	115	0.7
UIJ3	UK_Hampshire and Isle of Wight	10,524	1	760	11,284	911.9	-2.9	77.4	-2.3	11.4	-0.7	80.2	2.1	5.4	131	110	0.7
UIJ4	UK_Kent	9,951	2	6,470	16,421	768.5	-2.3	74.2	-2.2	10.7	-0.1	79.4	3.2	5.9	112	91	0.9
UIK1	UK_Gloucestershire, Wiltshire and North Somerset	14,311	1	3,346	17,657	1,172.1	0.0	77.6	-1.6	13.1	-0.1	78.6	2.3	4.8	141	116	0.9
UIK2	UK_Dorset and Somerset	7,090	2	1,900	8,990	576.7	-4.0	79.0	-0.1	12.7	-0.2	78.9	3.3	5.3	112	93	0.6
UIK3	UK_Cornwall and Isles of Scilly	3,790	2	2,830	6,620	239.8	0.7	71.1	-1.4	9.8	-0.4	73.6	3.7	2.7	90	73	0.7

Code	Region	ERM				EU-LFS						National accounts		Population (Eurostat)			
		Large-scale restructuring activity (2002-2013)				Total employment		Employment rate (%)		Manufacturing share (%)		Services share (%)		Overall sector shift	GDP per head (EU27=100)	% p.a. population growth 2002-2013	
		Job loss	Announced job loss per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012				
UKK4	UK_Devon	10,432	2	300	10,732	557.1	-1.7	75.1	-3.5	11.3	-0.2	78.2	1.1	3.9	110	88	0.6
UKL1	UK_West Wales and The Valleys	8,212	1	7,926	16,138	822.8	0.5	70.0	0.5	13.4	-0.6	76.2	2.5	4.2	86	71	0.3
UKL2	UK_East Wales	11,331	3	10,740	22,071	515.9	-1.1	74.2	-1.6	12.7	-1.2	77.5	1.6	6.4	125	101	0.6
UKM2	UK_Eastern Scotland	9,630	1	4,588	14,218	969.9	-1.1	74.8	-3.2	10.3	-0.7	80.6	2.5	4.6	135	110	0.7
UKM3	UK_South Western Scotland	9,180	1	18,244	27,424	1,036.3	2.4	69.8	-3.0	11.3	-2.0	79.8	3.8	4.1	121	100	0.1
UKM5	UK_North Eastern Scotland	1,792	1	1,450	3,242	256.4	4.4	79.3	-2.0	20.4	-4.6	68.1	9.9	n.a.	174	163	0.7
UKM6	UK_Highlands and Islands	1,258	1	637	1,895	208.3	-39.2	78.9	1.4	12.1	-0.8	70.6	-0.1	7.3	101	88	0.4
UKN0	UK_Northern Ireland	17,786	2	18,256	36,042	799.2	2.0	72.0	0.6	13.2	0.9	75.1	0.9	4.8	107	86	0.7

Source: ERM, Eurofound; EU-LFS, Eurostat

Annex 3: Main economic and restructuring statistical indicators of the case study regions

Code	Region	ERM				EU-LFS						National accounts		Population (Eurostat)			
		Large-scale restructuring activity (2002-2013)				Total employment		Employment rate (%)		Manufacturing share (%)		Services share (%)		Overall sector shift	GDP per head (EU27=100)	% p.a. population growth 2008-2012	
		Job loss	Announced job loss p.a. per 1,000 employed	Job gains	Total job loss + job gain	1,000 employed 2012	% change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012	2012	Change 2008-2012				2006
FR30	FR_Nord-Pas-de-Calais	15,078	0.73	13,995	29,073	1,512.7	0.9	62.8	-0.3	16.9	0.1	75.0	0.5	2.2	97	98	0.1
DE60	DE_Hamburg	6,845	0.94	1,500	8,345	912.3	5.0	76.7	2.1	11.3	-1.5	83.9	1.5	4.6	196	213	0.5
ITE1	IT_Toscana	2,509	0.21	570	3,079	1,559.7	-0.7	68.0	-0.9	18.5	-2.4	70.5	3.1	n.a.	115	113	0.5
S101	SI_Eastern Slovenia	29,987	7.64	10,726	40,713	481.8	-9.5	66.9	-4.7	28.7	-3.3	53.1	3.5	5.4	54	59	0.0
SE23	SE_West Sweden	20,432	2.35	3,616	24,048	945.1	2.2	80.0	-1.2	14.9	-2.5	76.9	2.6	2.8	143	144	0.6

Source: ERM, Eurofound; EU-LFS, Eurostat

Annex 4: QFR principles and good practices

The following are the good practices set out in the EU Quality Framework for anticipation of change and restructuring (QFR) for employers, employee representatives, social partners and sectoral organisations, and national and regional authorities (European Commission, 2013). Guidelines for individual employees and the European Commission have been omitted.

Employers: Anticipation of change

- Strategic long-term monitoring of the company's economic and financial situation and of technological and market developments
- Continuous mapping of jobs and skills needs
- Measures targeting individual employees: flexibility measures (long-term working time flexibility, job rotation); training measures (introduction of training advisers, design of individual 'competency reviews'; individual training plans, including by equipping employees with transversal skills); career development measures ('career days', 'career corners', job rotation measures); measures to promote internal and external mobility and so on
- External partnerships with regions, education/training institutions and the business environment

Employers: Management of restructuring processes

- Building internal consensus through a joint diagnosis based on a clear business rationale for change and with comprehensive information and consultation of employees at an early stage
- Help organise personalised support to employees whose redundancy cannot be avoided
- Involving external actors at an early stage (regional authorities, universities, training centres and supply chain)

Employees' representatives: Anticipation of change

- Continuous mapping of companies' jobs and skills needs
- Measures targeted at individual employees, including the promotion of internal and external mobility

Employees' representatives: Management of restructuring processes

- Establishment of a joint diagnosis with management
- Agreement on company-specific procedures for dealing with particular restructuring situations
- Follow up and contribute, in particular through negotiations, to the design and implementation of all mechanisms for providing support to individual employees
- Follow and assist employees who are being made redundant to look for a new job and/or appropriate retraining opportunities
- Participate in external partnerships, broader networks and mechanisms to deliver support to individual workers and promote the inclusion of the whole supply chain in preparations for and management of restructuring operations

Social partners and sectoral organisations: Anticipation of change

- Mapping of jobs and skills needs: participate in early-warning systems at all levels
- Drawing up frameworks for workers' involvement: promote collective bargaining on anticipating change and restructuring at EU, national, sectoral, regional, local and company levels

- Preparing measures targeted at individual workers: support redeployment, set up or contribute to national, regional and company-level skills development programmes
- Developing measures to promote internal and external mobility: facilitate professional transitions within and outside the enterprise, promote innovative measures to improve mobility

Social partners and sectoral organisations: Management of restructuring processes

- Joint diagnosis: share understanding of economic context with members, affiliates and all stakeholders, promote multistakeholder communication, networking and governance
- Explore and negotiate all possible options for avoiding redundancies: foster EU-wide coordination of trade unions to help EWCs; encourage EU-level negotiations in the event of transnational restructuring; conduct negotiations on professional transition policies
- Support redundant workers individually: support internal and external mobility cells, develop sectoral training funds for redeployment

National and regional authorities: Anticipation of change

- Continuous mapping of jobs and skills needs: support national jobs and skills plans, develop forecasting and foresight tools; measures to enhance the matching of skills delivered by the education and training systems and the labour market needs
- Measures targeted at individual employees: reinforce active labour market policies, offer qualification plans, support competency development focusing on generic and transversal skills, focus on upskilling of low-skilled adults, offer career counselling services, assist with the validation of non-formal and informal learning; promote regional lifelong learning policies
- Measures to promote internal and external mobility: develop incentives to promote geographical and occupational mobility, devise legal and operational frameworks for professional transitions, establish skills certification and transferability systems, support qualification schemes; set up databases on employers' needs, match workers to job vacancies and skills needs
- Measures to promote regional economic adaptation: promote cooperation between regional actors, support employment and skills planning and risk mutualisation, create or reinforce regional observatories to monitor economic change, jobs and skills, put advance-warning systems in place, establish regular work relations with companies, including social enterprises and development agencies; develop territorial employment pacts, public-private partnerships and institutional structures for competencies and skills
- While complying with applicable state aid rules, make full use of EU Structural Funds on the basis of the 'smart specialisation' principles in the area of research and innovation, focusing on investments that will facilitate and accompany structural change and fostering social innovation to develop socially inclusive transitions and job creation

National and regional authorities: Management of restructuring processes

- Joint diagnosis: collect data on dismissals at national, regional and sectoral levels, monitor the impact of restructuring on specific sectors and regions; establish early-warning systems, convene actors to carry out a joint diagnosis
- Explore all possible options before implementing redundancies: promote the revitalisation of regions affected by restructuring, monitor social plans; reinforce public employment services, establish outplacement programmes, promote direct job creation, create mechanisms for mutualisation of risks, support employee takeovers of enterprises in crisis or without heirs; establish mobile reconversion units, promote the region among new investors, support the search for new users of abandoned facilities

- Support redundant employees individually, including through public employment service (PES): training measures (portals for occupational guidance and training, public reconversion cells, training courses); mobility measures (outplacement platforms for SMEs and social enterprises, support to employees' cooperatives, geographical mobility plans, support job pools by employers' groups, deliver severance grants and allowances); unemployment benefits to vulnerable workers
- Facilitate partnerships between the relevant actors, involve public employment services (PES) in the implementation of local platforms for workers made redundant, coordinate the use of the Structural Funds and the EGF in line with state aid rules, use regional taskforces as a means of mobilising all actors and resources, organise job transitions; establish rapid-response services, create support systems for SMEs and multistakeholder platforms (professional transition contracts), promote start-ups and new companies through effective policies to boost regional growth and job creation and entrepreneurship

While restructuring is increasingly acknowledged as an inherent characteristic of economic development and receives substantial policy attention at European and Member State level, the regional perspective on it is rarely discussed. However, most large-scale restructurings affect the regions and employment areas where they take place, not just the company and its employees. Based on secondary data analysis, a literature review and five in-depth case studies, this research project aims to identify the effects of large-scale restructuring at regional level. It also describes examples of successful regional management directed at maintaining and improving labour markets and living conditions following an important restructuring event.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.