

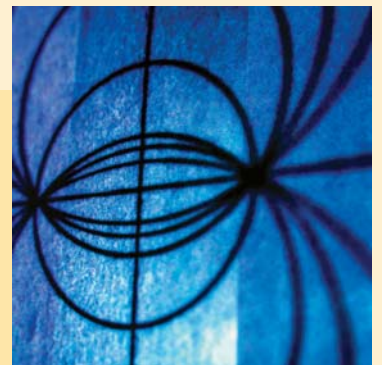


# Company restructuring

## info sheet

*'Adaptation to change is a constant phenomenon in the lives of companies and workers. Most of this adaptation does not entail job losses. However, a more far-reaching restructuring may be necessary at certain times. The existence of a good social dialogue ... and a positive attitude to change are important factors to prevent or limit the negative social consequences.'*

*'Orientations for reference in managing change and its social consequences',  
Joint text of the European-level social partners, 16 October 2003*



## WHAT is the context?

Company restructuring is a contemporary solution to managing and anticipating change. It tackles issues of economic, social and environmental significance simultaneously, often in a transnational context. During the 1990s, company restructurings became a feature of the European economic landscape. Still today, firms must continually adapt to market trends and pressures in order to maintain a competitive advantage. Downsizing, outsourcing and layoffs are all part of the traditional response to the fragile economic climate and uncertainties. More recent approaches include innovative options such as training breaks, sabbaticals, job-sharing schemes and remote working.

## WHY this research?

The transition from an industrial to a knowledge-based economy, the introduction of new technologies at the workplace, the liberalisation of rules regarding trade and movement of capital, and the privatisation of public companies and regulatory reform have all led to more open markets and greater exposure to international competition. Developing Europe's capacity to anticipate and understand the reasons behind restructuring decisions will help to better manage these processes. It will also contribute to a more positive way of restructuring – one that reduces job losses while promoting employment creation.

## WHAT are the tools?

### European Restructuring Monitor (ERM)

- The ERM was established by the European Monitoring Centre on Change (EMCC) in 2003. Since May 2005 it covers 25 EU Member States, as well as Romania and Bulgaria.
- It provides a regular overview on restructuring activities in Europe and assesses the employment consequences announced by the relevant companies and organisations.
- The ERM is a statistical tool for compiling quantitative information on restructuring activities throughout the EU.
- Through the *ERM quarterly* it provides an analysis of trends in restructuring.

### Exchange events

- The EMCC offers a forum for sharing experience and knowledge on real-life restructuring situations. Its Company Network seminars draw on relevant practical company examples to provide an opportunity for employee and company representatives to exchange views and experiences with other parties from across the EU.

## HOW does it work?

The principal feature of the ERM is that it provides the user with the possibility of carrying out multiple criteria searches on restructuring cases including country, sector, type of restructuring, reason and number of jobs affected.

- The ERM is a network of correspondents who gather data through a daily review of the specialised economic press in each Member State.
- Restructuring cases affecting at least 100 employees and companies with over 250 employees, where at least 10% of the workforce is affected, are recorded.
- Cases will feature both job losses and job creation.
- The ERM identifies sectors and countries that are likely to undergo a phase of severe restructuring in the short to medium term.
- The ERM acts both as a statistical tool and an early warning mechanism for all actors involved in the process of anticipating and managing change.
- The *ERM quarterly* provides analysis of job data and highlights a different country and sector in each edition.
- The ERM provides a detailed analysis of a limited number of company restructuring procedures each year. Available so far:
  - *Managing large scale restructuring: The case of Danone-Saiwa and Moulinex*
  - *TransFair and HVB Profil: The internal organisation of Hypovereinsbank's placement and temporary work agency*
  - *An example of innovative restructuring process: The implementation of the 'competence shift' at Ericsson Microwave Systems AB in Sweden*

**Breakdown of employment effects by type of restructuring in the second quarter of 2005**

Type of restructuring	Planned job reductions	Planned job creation	Cases
Business expansion	0	117,734	213
Internal restructuring	93,402	792	162
Bankruptcy / Closure	22,582	400	67
Offshoring / Delocalisation	12,141	0	37
Relocation	4,675	500	11
Merger / Acquisition	8,079	420	10
Other	0,857	100	4
Outsourcing	426	0	3
<b>Total</b>	<b>142,162</b>	<b>119,946</b>	<b>507</b>

## WHERE to now?

By the end of 2005, EMCC will conduct six in-depth company case studies of completed restructuring processes in order to extract key lessons and findings that can be of use to policymakers and other stakeholders. The results will be made available online on the EMCC portal. For January 2006 an annual review of the ERM data is planned.

### Further information:

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### Foundation work on related issues:

*European Restructuring Monitor*  
[www.emcc.eurofound.eu.int/erm](http://www.emcc.eurofound.eu.int/erm)

### *ERM quarterly*

[www.emcc.eurofound.eu.int/erm/index.php?template=quarterly](http://www.emcc.eurofound.eu.int/erm/index.php?template=quarterly)

### *Restructuring for growth and job creation*

[www.emcc.eurofound.eu.int/content/source/eu03011a.html](http://www.emcc.eurofound.eu.int/content/source/eu03011a.html)

### *EMCC dossier on industrial restructuring*

[www.emcc.eurofound.eu.int/content/source/tn03001a.html](http://www.emcc.eurofound.eu.int/content/source/tn03001a.html)

### *Offshore outsourcing of business services*

<http://www.emcc.eurofound.eu.int/content/source/tn05001a.html>

### *Handling restructuring: collective agreements on employment and competitiveness*

[www.eurofound.eu.int/publications/EF0073.htm](http://www.eurofound.eu.int/publications/EF0073.htm)