



New forms of employment Employee sharing, Luxembourg

Case study 18: ArcelorMittal

The efficiency of Luxembourg's Employment Retention Plan in managing the sublease of ArcelorMittal employees appears to safeguard employment and the interests of companies.

Introduction

This case study describes and analyses employee sharing as a way of retaining jobs. It is used jointly by private companies and the government of Luxembourg according to the tripartite agreements negotiated by the social partners. This case study involves the ArcelorMittal steel company (three interviews with representatives in Esch-sur-Alzette), the government's public employment agency (ADEM, interviews with one representative and one employee) and one small private company participating in the programme (CIMALUX, interviews with one representative and one employee). The desk research includes general literature about the steel industry, press articles about ArcelorMittal's Reemployment Programme, Luxembourg law, including the Labour Code, and press statements from the trade unions.

The steel industry was by far the most important sector of the economy in Luxembourg during the nineteenth and twentieth centuries (Barthel and Kirps, 2009). At the end of the nineteenth century the exploitation of iron and coal mines in southern Luxembourg, north-eastern France and south-western Germany led to the growth of a strategic industrial sector in which steel was a major product. Before 1973, the national steel company ARBED provided employment for 16% of Luxembourg's active population, and accounted for 31% of the national wealth. Although the steel industry is no longer the powerhouse of Luxembourg's economy, it remains important. It is still the home of large multinational steel firms such as ArcelorMittal, which took over ARBED and is the world's leading steel company.

Employee sharing, or their 'sublease' was implemented in Luxembourg in 1994 to promote employment and safeguard employability. It is part of ArcelorMittal's Redeployment Programme which was initiated after the big steel crisis of the 1970s. Since then, there have been several major restructurings in the steel industry, resulting in very large job losses. ArcelorMittal has been involved in various policies designed jointly with the government and the trade unions to avoid lay-offs. Since 2006, these have taken the form of tripartite five-year Employment Retention Plans, which are specific to ArcelorMittal but included in the framework of the wider Steel Industry Tripartite Plans. The latest plan was signed in 2012 (*Paperjam*, 2012).

The agreements pertaining to ArcelorMittal Redeployment Programme are designed by the Committee on Economic Conditions which represents the social partners and the institutions dealing with labour market regulation and employment policies. The Committee was created in 1975 with the objective of reducing job losses and providing effective economic surveillance and

analysis. It also mediates between the social partners in negotiations on the Employment Retention Plans.

The Employment Retention Plans are based on planning for employment and investment and needs in the local economies. The plans provide the services required under the Redeployment Programme as well as the administrative tools, measures and public subsidies that can be used to maintain employment ('Redeployment Help'). This 'Redeployment Help' is Government financial support enabling employees who have lost their job to be guaranteed at least 90% of their previous salary level for at least 48 months while looking for new employment (the salary, however, can be no higher than 3.5 times the national minimum wage). Any individual who has been laid off for economic reasons (the company has restructured, reorganised, gone bankrupt or ceased trading) can apply for those benefits at the public employment agency (ADEM), provided they have been working for a minimum of 18 months with a permanent employment contract, or was on parental leave (Labour Code, 2012).

However, the sublease of employees is also used jointly with the Redeployment Help subprogramme to guarantee the subleased employee at least 90% of their previous wage level. It covers about 14% of all workers falling under the Employment Retention Plan, and is a key operational instrument selected by the social partners.

This case study involves the 2012–2016 Employment Retention Plan ('LUX 2016'), negotiated by ArcelorMittal, the Ministry of Labour, Economy and Social Solidarity Economy and the two major trade union confederations; Union of Steel and Mine Workers – The Luxembourg Confederation of Christian Trade Unions (SESM-LGCB) and the Independent Trade Union Confederation of Luxembourg (OGBL). The plan was signed in March 2012 and allowed redundant employees to be subleased. It also provided early retirement measures for workers born between 1956 and 1959, in exchange for wage guarantees and the prohibition of economic layoffs.

General characteristics of sublease of employees at ArcelorMittal

ArcelorMittal has branches in 60 countries with steel plants in 20 of them. It employs more than 250,000 people worldwide and its head offices are in Luxembourg, where it remains the largest private sector employer in the country. ArcelorMittal emerged in 2006 after a takeover of the European steel conglomerate Arcelor by the Mittal Steel Company. Arcelor itself had previously been a fusion of Spain's Aceralia, France's Usinor and Belgo-Luxembourg's ARBED. The steel plant in Esch-sur-Alzette and all the infrastructure visited for this case study were built by ARBED.

ArcelorMittal employs far fewer employees in Luxembourg than used to work in the industry. None of the 21 former blast furnaces are active today. Since 1995, the blast furnace method has been abandoned in Luxembourg and steel is no longer extracted directly from iron, but from recycled steel devices in electric ovens. Confronted with many restructurings and mergers, Luxembourg's plants have been continuously reducing their workforce as a result of changing technologies and increasing competition from abroad.

The current Redeployment Programme was designed to deal with 360 people who faced losing their jobs when the plant in Rodange-Schifflange closed in 2012. The affected workers included 89 people who benefited from the Sublease of Employees policy in November 2013.

Most of the pool's user companies are public partners: 46 employees are subleased in the public employment agency (ADEM), 4 in Ministries, 11 in municipalities, 2 in public research centres and 3 in other public facilities. In comparison, six people have been subleased to ArcelorMittal's subsidiaries in the private sector and 17 were subleased to private companies from both the profit and non-profit sectors.

General characteristics of key user companies

ArcelorMittal's main partner in subleasing employees is the public employment agency (ADEM) which is also in charge of the Reemployment Help policy. ADEM's mission is defined in article L.621-1 of the Labour Code. Its main task is to promote employment and to implement employment policies in coordination with social and economic goals. ADEM is under the authority of the Ministry of Labour, Economy and Social Solidarity Economy, and has its main office in Luxembourg City, with six branches nationally. As of January 2014, ADEM was employing 380 people, of whom 46 were subleased by ArcelorMittal. As a public partner, it has been involved in the procedure of job retention at ArcelorMittal since the beginning of the policy.

The second key user company to be analysed in this case study is CIMALUX, a small cement company that has successfully hired an employee via ArcelorMittal's Redeployment Programme on a permanent basis after using the employee for a year. Since partnerships with private sector companies have been relatively rare in the subleasing pool, and direct hiring by private sector companies has taken place only three times so far, the company was selected for this report as a good practice example.

The main goal of the policy of sublease is to diminish the negative social effects of economic restructuring via the redeployment of employees who had lost their jobs. Considering the historical importance of the steel industry in Luxembourg, the restructurings in this sector have been of critical importance to the social partners and for society as a whole. According to ArcelorMittal's human resources representatives, the goal of the initiative has also been to safeguard the social contract which has always been central to Luxembourg's political culture.

Another important goal, according to ArcelorMittal's representatives, is to help older workers to remain in employment until their retirement. This is why the sublease of employees tends to be offered to employees with medium-level skills who are close to retirement age or who have medical restrictions.

Design and implementation process

The sublease of employees has been implemented within the five-year plans discussed above under the initiative of the Ministry of Labour, Employment and the Social and Solidarity Economy, ArcelorMittal and the social partners. Under the Employment Retention Plan, wages are guaranteed for employees without losses and the cost is shared by ArcelorMittal, the user company and the Ministry. The user company has to pay a wage that is consistent with the position filled so as to prevent social dumping. The Ministry finances the difference between the new wage and 90% of the former wage, while ArcelorMittal finances the remaining 10%. The public subsidies for wage maintenance, however, are available for a maximum of four years only, which is why close-to-retirement employees are particularly targeted by this measure.

The sublease of employees is strictly regulated by law and must always be approved by the Ministry of Labour, Employment and the Social and Solidarity Economy. Once an agreement was reached with the social partners on the Employment Retention Plan, ArcelorMittal's staff representatives also had to agree, and the ministry had to give every employee subleased a specific authorisation in order for them to be eligible for the wage subsidies provided. So far, all subleases have been approved by the Ministry.

Employment contracts are agreed between ArcelorMittal, the user company and the subleased employee in the form of an 'agreement' of lease. The contract establishes that the subleased employee remains employed by ArcelorMittal during the sublease period and benefits from the company's collective agreements and social protection provisions, but is also subject to the user company's authority, work organisation procedures and holiday provisions. In the case of conflict, malpractice or misconduct, the sanctions are to be decided by the user company and enforced by ArcelorMittal.

ArcelorMittal is responsible for the management of employment contracts. Being the legal employer of the subleased workers, it continues to pay the employees their previous salary, including social security contributions and taxes. After a two-month trial period, ArcelorMittal charges the user company for the sublease on the basis of the salary agreed with the user company, plus the social security contributions and taxes. ArcelorMittal is thus responsible for the negotiation and control of the wage offered by the user company. The contracts are typically signed for one year and then renewed at the end of each year. In the case of a sublease to its subsidiary company, ArcelorMittal has to ask for authorisation from the Ministry but is not eligible for subsidies.

At the end of the four-year period covered by the state subsidies, three options are possible.

- The employee is hired directly by the user company, becoming part of its workforce, and ending the contract with ArcelorMittal.
- The company wishes to renew the lease, the employee remains employed under the former contract with ArcelorMittal including their former wage, until they decide to retire. ArcelorMittal renegotiates directly with the user company on the conditions for sharing the wage of the employee.
- The user company does not wish to renew the lease, and the employee returns to the Redeployment Programme. This is rare, as most workers involved are nearing the end of their career or, in the case of private partners, have real possibilities of redeployment within the user companies.

As explained above, ADEM is by far the largest user of the subleasing pool. The number of subleasing positions is fixed by the Ministry but can be renegotiated during tripartite agreements. ADEM is responsible for choosing the positions to be taken up by the subleased employees and for designing the job descriptions according to the particular employee profiles needed. ArcelorMittal suggests suitable candidates to ADEM, which then begins the recruitment procedure. The positions created by ADEM are typically administrative and employment counselling.

Another key user of the subleasing pool from the private sector, CIMALUX, has joined on a more informal basis. ArcelorMittal has used its network of business partners to find vacancies for its employees, and CIMALUX has so far been one of the most frequent users, as it is regularly looking for people. The jobs offered by CIMALUX are mainly those for qualified workers in cement production, including production operators and engineers. The company has hired three employees from the subleasing pool to date.

The partnerships with ADEM and CIMALUX are the result of long-lasting relationships with partner companies from within the sector. It is primarily based on ArcelorMittal's large network of industry and public sector partners. With ArcelorMittal being the largest employer in the country, the interpersonal relationships and social capital acquired are the main resources for expanding the subleasing pool. In addition to CIMALUX, ArcelorMittal has used its extensive social capital to attract a number of other private sector companies to the pool, including Dupont de Nemours and Epuramat. The cooperation process is rather informal and is mostly based on interpersonal relationships. On the other hand, the cooperation with ADEM is more formal and is characterised by more frequent formal meetings between the agency and ArcelorMittal's representatives.

The employees may also mobilise their own social capital and interpersonal relationships in this process, as some of the subleased employees have found their employer by themselves. After telling ArcelorMittal, the company then takes charge of preparing a work contract and negotiating the employee's conditions.

Contracts are often extended. Practice shows that this also contributes to strengthening the ties between ArcelorMittal and the user companies. According to an HR manager interviewed at ArcelorMittal, what was previously a partnership between the Ministry of Labour, Employment and the Social and Solidarity Economy via ADEM has been evolving into a genuinely effective network since 2011. For those workers in the Redeployment Programme, their sublease is presented as a key way to extend their careers. ArcelorMittal has a dedicated team of two human resources managers who pilot the Shared Services Centre on Recruitment, Mobility and Redeployment. These managers showed potential job opportunities to workers at the plant in Rodange-Schifflange before it closed. The managers also contact some workers who they think might be suitable for a particular vacancy. Otherwise, workers can tell their plant managers that they want to participate in the programme.

The Redeployment Programme also offers support to the affected workers by helping them prepare for job interviews – workers do not have to participate in the sublease programme.

Working method, processes and procedures

As explained above, subleasing targets those workers affected by economic restructuring and those least likely to be redeployed inside ArcelorMittal itself. Indeed, ArcelorMittal offers subleasing only to those workers it cannot redeploy. Previous plans, according to HR managers at the company, have mainly targeted blue-collar workers. However, the latest Employment Retention Plan, introduced in 2011, targets mainly white-collar employees with medium-level skills such as foremen and supervisors. According to HR managers from ArcelorMittal, the previous plans have mainly targeted blue-collar workers. The white-collar workers, however, are harder to move internally since they require extensive knowledge of the particular work they will be supervising and of the specific technical installations. In addition, it contradicts the policy of grassroots promotion for workers in the companies they are moved to. Subleasing, therefore, allows ArcelorMittal to reduce its workforce while ensuring appropriate placement and guaranteed salaries for its redundant employees.

The scope of the policy is local. According to ArcelorMittal's HR managers, the subleasing is limited to Esch-sur-Alzette and the Luxembourg area as workers are reluctant to commute to more remote plants.

ArcelorMittal is in charge of the pool's day-to-day running, although its representatives feel that the Ministry, the trade unions and ADEM also contribute significantly. At operational level, the pool is managed by ArcelorMittal's Shared Service Centre on Recruitment, Mobility and Redeployment.

Both the funding and conditions for the sublease are strictly defined by law and the basis for negotiating the wage is the employee's previous salary at ArcelorMittal. The wage paid by the user company must correspond to the collective agreement or wage policy in place at the company for the position filled, thus preventing the sublease being used as a means to lower the payroll costs at the expense of public subsidies.

ArcelorMittal provides its employees placed on the Redeployment Programme with various training programmes, but any specific training for the job at the user company is provided at the actual workplace. ADEM, for example, gives its subleased employees the same training programme they offer to new officials who are hired on a typical employment contract. In the case of CIMALUX, the Secretary General reported that most of the training had been carried out by ArcelorMittal through the Redeployment Programme and that any additional training was on the job. An interviewed employee there has confirmed this and claimed to have benefited from extensive on-the-job training during his first months at CIMALUX.

Typical employment contracts range from six months to a year and are renewable for up to four years, due to the temporary nature of the public subsidies. In practice, however, the contract can

be terminated without notice during the trial period. After this, the user company has to give notice of one month. The user company does not bear any cost for the dismissal, and the employee returns to the Redeployment Programme and continues to receive a salary. The same applies if the employee wants to leave; they tell ArcelorMittal and the company ends the contract. If the employee is offered a permanent position within the user company and accepts the offer, negotiations take place between ArcelorMittal and the user company for the permanent hiring of the employee.

A number of conditions related to the sublease of an employee, including the hours worked, working conditions and job description, are designed and decided by the user company. The job description and the working conditions must be clearly defined, although they can be adjusted to fit the candidate's profile. This process is overseen by ArcelorMittal who, with the user company and the employee, find a suitable position. In the case of private sector companies, the job descriptions tend to be more detailed and correspond more to the actual job offers as opposed to the descriptions used by ADEM.

Once the employee is subleased, that person joins the user company. The interviewed employees have reported no longer having regular contact with ArcelorMittal after moving to their user company. Practice shows that this remains largely the case throughout the entire sublease period, unless problems arise.

External support

There is external support from the Ministry of Labour, Employment and the Social and Solidarity Economy, which monitors the procedure. ArcelorMittal's Shared Services Centre on Recruitment, Mobility and Redeployment is in permanent contact with the relevant ministry officials. The ministry provides economic support (through the public funding allocated to the programme), plus legal advice and technical support.

As for the practicalities of implementing the policy, ArcelorMittal directly supports most of its partners, under the ministry's control.

Outcomes

Outcomes for the local economy

As of November 2013, there were six people subleased to ArcelorMittal's own subsidiaries (Dudelange, Sotel, Bissen), 11 to the local municipalities, 55 to various public institutions (mainly in ADEM) and 17 to private companies or non-profit organisations such as the Red Cross. Even though these numbers do not appear to be very large, they are significant for the local labour market due to its small size.

Unlike employees who find positions with a private company, those who are subleased to public institutions cannot be hired later on a permanent basis because in Luxembourg this is done on the basis of competitive examinations. Nevertheless, employees subleased to public institutions very often end their professional careers while working there, because they were already close to retirement at the time they started. The people subleased to ArcelorMittal's subsidiaries are most often hired directly after their sublease (13 hires in 2013). Eight people out of the 17 who were subleased to private companies and non-profit organisations are also expected to end their careers there because they too will reach the early retirement age at the end of the four-year period. As for the municipalities, one person has been hired directly by the Municipality of Bascharage and five should be hired by Schiffflange in the coming year.

Two of the hired employees have decided not to extend their employment in CIMALUX because of medical restrictions linked with the job offered, whereas the third employee was later

employed by CIMALUX on a permanent basis after having been subleased for one year by ArcelorMittal (see below).

The labour market in Luxembourg is characterised by the fact that 60% of its workforce are from abroad. The Esch-sur-Alzette plant is located a few kilometres from the French border and many French nationals commute to the plant every day due to the very high cost of housing in Luxembourg. This means that there would have been a significant impact on these French workers had there been no employment retention plan like the one at Rodange-Schifflange (Del Biondo, 2009). In practice, non-residents working in Luxembourg have to register for unemployment in their country of residence even though they are entitled to benefits for having worked in Luxembourg.

Outcomes for the participating companies

ArcelorMittal's policy has helped avoid a negative economic and social impact at local level given the company's need to restructure its operations. It also ensures the continuity of partnership with public actors and trade unions, in the tradition of cooperation and mutual social responsibility that, historically, has always been part of Luxembourg industrial policy.

The specific framework of the policy means that the sublease is also often a way of softening the employees' transition from work to retirement when they are close to the plan's early retirement age of 57. The Redeployment Programme primarily targets people with limited employability, including older workers and people with disabilities. Higher-skilled workers are typically easier to move to other plants than are medium- and low-skilled workers. The policy thus meets the company's need to find employment for parts of its workforce that would otherwise be very difficult to keep on.

For ADEM, the main outcome of the programme is the inclusion of an additional group of workers into the Employment Retention Plan with flexible employment opportunities. As this group of workers constitutes a significant part of the total number of workers under the plan (about 14%), the policy represents an important part of their human resources management. The sublease of workers also enables them to benefit from a pool of workers whose needs and profile ADEM are well aware of because of their long careers in ArcelorMittal. An interviewed representative in the ADEM HR department said that workers coming from the Redeployment Programme were particularly well motivated and, on average, more skilled than other people in the plan. They also integrate well and none have reported being discriminated against or feeling alienated from the permanent staff.

ArcelorMittal employees' profiles also appeal to ADEM because of their linguistic skills. Most of the workers are trilingual, speaking Luxembourgish, French and German. According to an ArcelorMittal HR manager, there is a growing distinction in the Luxembourgish labour market between natives and foreigners, the natives being mainly employed in administration and the foreigners employed in the private sector. Foreigners usually do not speak any Luxembourgish or German in the part of the county that borders France and Wallonia, hence employees with this set of skills have been increasingly in demand over the past few years. An interviewee at CIMALUX reported the same difficulties with hiring trilingual workers and said that this skill was a key reason why the company was interested in ArcelorMittal's workers.

Another advantage of the subleasing to private sector companies is that these companies can have access to a lot of information about the people they hire. Subleasing or hiring directly from ArcelorMittal gives the companies' HR departments an informed assessment of the workers, their skills and the training received. This reduces the uncertainty associated with hiring a new employee as well the need to pay for additional training. All in all, companies using employees subleased from ArcelorMittal have been satisfied with the policy, and public partners (including municipalities) are happy to repeat the experience.

In recent years, the cooperation on human resources with private partners has intensified in response to the closing of the Rodange-Schifflange plant and the rise in the number of workers on the Redeployment Programme.

The policy also provides more flexibility for the user company since it can stop the contract at any time without having to experience any dismissal costs. Companies also liked the hiring procedure because of the reduction in administrative burden and supervision of employment contracts.

Outcomes for employees

The main outcome of the policy for employees is the opportunity to continue working while keeping the level of their salary at ArcelorMittal. Both the employees who were interviewed described the restructuring of the Rodange-Schifflange plant as a period of high uncertainty and stress. The employees knew their jobs were endangered but had no idea whether the plant would be shut down. This appears to be a key reason why some employees were initially hesitant about getting involved in subleasing. Some of them saw the lack of long-term provisions and guarantees as a significant risk.

The interviews reveal that this risk varies for different employees depending on their age, skill level and other characteristics. For the older employees, changing their position via subleasing might be seen as more risky than for younger employees who might be more adaptable to changing labour market needs. The change of sector (from industry to services, from a plant-based job to an office job) is also perceived as a very significant change. The employees who went into public administration (mostly in ADEM), faced the largest changes but assessed them as very positive and satisfactory.

Overall, the workers welcomed subleasing, but they were not particularly happy about the fact that they were still legally employed by ArcelorMittal; both would prefer to be employed directly by the user company. However, the employees did not seem to be aware of the fact that ADEM could not hire them directly.

Strengths and weaknesses

All the partners involved see the main strength of subleasing in the flexibility it allows in human resources management, without them having to compromise on the workers' well-being.

Subleasing, for the user company, is a much less demanding form of employment than traditional hiring. ArcelorMittal assumes most of the workload linked to administration procedures and authorisations. The sublease can also be used as a trial period before a direct hire, as was the case with one employee hired by CIMALUX. In the case of ADEM, the procedure for subleasing the workers has been firmly established and is now an effective routine for both parties involved.

The flexibility and predictability of the policy is likely to encourage more employers to participate. However, considering the fact that the employees in the pool tend to have similar professional profiles, and there are a limited number of companies that can effectively use their skills, the demand for such workforce might also be limited. Although the network has been continuously expanded since 2011, at some point it might reach saturation.

All in all, the institutional partners consider the policy a success. However, CIMALUX's Secretary General regretted that many of ArcelorMittal employees were generally reluctant to change their workplace and come to CIMALUX because of the lack of supervisory/management positions it can offer. Being a small company, CIMALUX simply does not have as many such positions as ArcelorMittal. An interviewed representative from CIMALUX suggests that the perceived downgrade in the prestige of one's workplace associated with moving to a smaller

company is a significant factor affecting the workers' decisions on whether to join the user company.

For the subleased employees, the main strength of the pool is associated with increased job security, continuation of employment and maintenance of the same wage level. The sublease provides security for the employees, even in cases where the lease does not work out. It also provides opportunities for professional development and the acquisition of new skills. Those who took the opportunity to switch from being a supervisor or foreman in a factory to becoming a counsellor in an employment agency viewed the experience as very positive, even though the move is unlikely to result in the workers being permanently hired by ADEM.

For the employees, the main weakness of the pool concerns the relative lack of interaction with the legal employer. The subleased employees are not entitled to trade union representation in the user company, which can be problematic. Although they are still part of the workforce in ArcelorMittal, the employees may not be effectively represented because they are no longer physically present in the company. In addition, their concerns are more likely to be linked with their user company rather than with their legal employer. In the case of ADEM, the payroll for ArcelorMittal's subleased employees is funded by the Public Fund for Employment, whereas the other workers are officials paid by the state. Although there is no difference in salary between the two groups and they are treated the same, their official status is different and the subleased employees do not benefit from the advantages linked with the status of a state official, including the public sector biannual pay rise and job security.

Naturally, these objections disappear if the subleased employee is hired permanently by the user company, as was the policy's original goal. However, this outcome has been rare and can probably be considered as the pool's biggest weakness. Concerning the current Reemployment Plan, under which 89 employees have been subleased, one employee was hired by the municipality of Bascharage and five others were set to be hired in 2014 by the Municipality of Schiffange. Other firms from the private sector have hired three people so far, including the one hired by Cimelux. ArcelorMittal's subsidiary firms have hired 13 people so far.

This scarcity of permanent jobs for the subleased workers can be explained by the structure of the labour market. As explained, the number of potential positions in the private sector that would fit the candidates is limited, whereas a key partner of the pool, ADEM, cannot hire the subleased workers directly because all state officials must pass an open competition in order to be hired.

Furthermore, even though the Ministry funds the difference between the worker's previous wage and the new one, big wage differences between the sending and receiving companies may result in either social dumping or a lack of fairness towards other employees doing the same job in the user companies. Hence the sublease of employees usually takes place where both the previous and new employers offer similar wages, which further limits the number of positions available.

Finally, it appears that the employees of the pool are not fully informed about their type of employment and the conditions involved. The network appears to be very efficient when it comes to communication between HR departments of the participating institutions but, while user companies have a long-term view of the policy, the subleased employees are generally kept out of the communication process and do not have clear information about the future of the pool. More effective communication and regular meetings between the subleased employees and ArcelorMittal's HR representatives are needed.

Future plans

ArcelorMittal and ADEM expect to continue their partnership at least until the end of the current Employment Retention Plan. The partnership is very likely to be renewed after 2016. CIMALUX has also said it intends to continue its collaboration with ArcelorMittal in the long term.

The interviewed representatives of ArcelorMittal have, however, noted that subleasing will probably lose importance because of demographic factors. Most of the older employees who currently dominate the subleasing will retire early in the coming years. In future, the group of workers joining the Redeployment Programme as a result of the closure of the Schiffflange plant will eventually find employment. Following this, the future of the policy will depend on the next plan to be negotiated and agreed in 2016, and whether this plan will contain a similar scheme to the existing subleasing pool.

Commentary

The efficiency of the Employment Retention Plan in managing the sublease of employees appears to be good at safeguarding both employment and the interests of companies, while giving the government both control and a better knowledge of the labour market. The comparison between the closures at Schiffflange and Florange (an ArcelorMittal steelworks in France where much of the plant was mothballed in 2013) demonstrates the effects of proactive management versus reactive action from the government. The proactive method, such as that seen at Schiffflange, provides social consensus on the measures to be taken and frames the negotiations between competent and representative actors. At Florange, however, the negotiations between ArcelorMittal and the government took the form of a violent confrontation between disorganised actors quite often using the media as an intermediary. The tight relationships that link ArcelorMittal with the social partners in Luxembourg also provide both transparency and consistency between policies. This case study shows that subleasing employees provides efficient alternatives to lay-offs for both employees and employers, but that there are still limitations that make it a tool to be used with caution. The tripartite management of the procedure ensures an efficient monitoring of the policy and prevents any potential abuses. However, as this way of functioning is quite specific to Luxembourg, there is no evidence that it would be easily transferable to other contexts.

In addition, the network surrounding ArcelorMittal corresponds to a specific industrial structure with a long history that has resulted in strong links and interdependence. The availability of positions for subleased employees is directly dependent on the strength of this network. The low number of subleases to private firms shows that, although ArcelorMittal is a powerful company at the centre of an important network, especially in Luxembourg where it is the main employer, this network cannot provide enough jobs. Without the active involvement of public employers, the policy would probably find it difficult to get work for the subleased employees. This means that, in addition to a strong public-private partnership, the policy also needs a consistent public sector with job opportunities.

The sublease of employees as a specific measure appears to be quite particular to the context of the steel industry in Luxembourg. However, the general framework of the measure, which is the active cooperation of public and private partners in the monitoring and management of the labour market, appears to be a very efficient tool that might be transferred to other contexts.

Finally, the policy has important positive effects on the employability of those who have lost their jobs. It provides opportunities to retrain and acquire new skills, plus stable jobs for people who would otherwise probably remain in long-term unemployment. Indeed, it is common knowledge that without such policies, employees close to retirement age are rarely eligible for training provisions and have less chance of being reemployed. Remaining in the labour market enables the employees to benefit from a continuous career, and retirement with good conditions.

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