



Innovative Restructuring – European Networks of Experts Recommendations

Socially responsible restructuring social in the context of the present crisis

Restructuring has been a consistent issue for European societies since decades and embraces different aspects. It has been considered for a long time and still by many as a temporary crisis that is restricted to the company level only, with major impact on employment and jobs, restructuring is much more complex. For managers, trade unions and employees, restructuring refers to a wide panel of changes, affecting at least a whole organizational sector or an entire company in the forms of closure, downsizing, job losses, outsourcing, off-shoring, sub-contracting, merging, delocalisation, internal job mobility or other complex internal reorganizations. But, it means mostly downsizing, closing factories and dismissals for employment services and territories.

Even combined with crisis aspects in the past and now, restructuring is no longer a one-shot phenomenon; it is a recurrent and continuous process requiring constant adjustments. In recent times, the debate on enterprise restructuring in the EU has been primarily lead under the perspective of how to find ways to cope with the challenges of the globalised market conditions and the increased competition with countries outside of the EU which have different regulations.

Many drivers are at stake, mainly technologies, survival, competitiveness and also pure search of short term profit. The present financial and economic crisis is more than a tsunami and combines many features and brings restructuring again on the top of European agendas, reducing quickly he gap of its perception among Member states, especially for those considering up to now that, in Central Europe, it was almost over.

But the crisis leads to a “changes scene” without a clear framework challenging answers, responsibilities, methods and resources set up in Europe to face change. How to react to a predictable long recession ? How consistent are our social buffers when unemployment, inequalities and poverty are back ? Do we need to rethink frameworks and practices ? To what extent, consequences of the world financial crisis have to be supported by organisations and individuals not accountable for it ?

In many cases, the company-level does not appear relevant and wider approaches are needed. The concept of anticipation suffers. Legitimacy of change, social justice and fairness come back in the public debates. New codes, new rules, new management models have to be invented to cope with present restructuring in a different, less detrimental and more successful way.

Costly for organisations, individuals and societies, restructuring needs to rethink frameworks and methods of social dialogue, employment services responses, territorial strategies, social policies and governments roles in order to be both economically efficient and socially responsible. Therefore IRENE

practitioners consider restructuring a more-than-ever relevant issue, challenging public and private policies at all possible levels.

Process and issues

In our workshops, we discussed in a multi stake holder approach

- Social innovation, restructuring and adaptation to change
- European works council's roles but also at trade unions strategies and structures.
- Local communities and territories as emerging relevant frameworks for both adjustment and socio economic long term strategies.
- Efficiency of internal labour market at company level and restructuring as a challenge for public employment services, themselves restructured in a new context of competition and decentralisation.
- Health as an important issue for dismissed employees but also survivors, but still a hidden issue despite convincing scientific evidence (see for example "Health in Restructuring" European report for the EU Commission)

During this process, IRENE participants identified five obstacles to be tackled:

- a lack of legitimacy for change and a difficult anticipation, especially in the case of short-term profit-based restructuring
- a social dialogue which hardly takes in account new forms of labour
- missing pan European restructuring policies at company as well as at European levels
- social measures remaining still passive, discriminatory and neglecting health aspects
- public employment services and territories still not ready to face restructuring.

Based on those open discussions and dynamics, IRENE participants discussed statements and proposals in the context of the present crisis. Worked out by practitioners, they do not reflect official points of view, whatever they come from, but try to bring some "practical" points of view in both ongoing national and European debates. They focus on crucial areas of improvements and innovations to be achieved and target five key groups of actors: companies and managers, trade unions and social actors, public services and governments, EU institutions and last but not least the civil society.

Proposals and hypotheses for the future

The present context will require innovations on a massive scale and alternative employment and social policies. Therefore IRENE practitioners suggest hypotheses and proposals related to seven areas for progress in order to better respond to restructuring challenges.

1. Legitimacy for change and communication

Legitimacy for change, especially at present time, has to be really worked out. Therefore communication is key, inside or outside of the companies; it needs to be relevant, extensive and able to reach in due time everyone concerned

2. Inequalities and social justice

Fairness in restructuring is lacking. Rethinking selection criteria, as well as decision procedures, considering basic social rights and social measures for all, in whatever the form of labour they are, is urgently needed.

3. Transitions and empowerment

Restructuring needs transitions for people and territories. Therefore employees should be empowered and not only considered by social dialogue or employment services as passive victims. Stable transitional frameworks have to be set up to carry out a wider concept of employability going beyond employment security. Local development schemes and territorial responsibilities of restructuring firms have to be considered.

4. Enlarged social dialogue and professionalism

Social dialogue still does not sufficiently address restructuring recurrent processes, diversity of labour relations, cross national, sectoral and supply chain impacts. It needs new forums, new actors and more resources in order to better equip stake holders representatives. Going beyond information and consultation and being more inclusive is necessary.

5. Health and social measures

Restructuring is not always healthy, neither for organisations nor for individuals. Health has to be a new area for responsibility and includes more social justice, an assessment and monitoring of health when restructuring occurs. Employability concepts have to be enlarged and new actors have to play a role to prevent and mitigate negative health consequences.

6. Common European norms and funds

Despite many European standards, pan European restructuring is neglected and needs an appropriate regulatory framework including a binding European framework code of conduct as well as a revision of European funds to properly address the present crisis and resulting organisational changes.

7. Multi stake holder and multi dimensional approaches

Restructuring approaches have been too narrow and often poorly efficient. Peer to peer and multi stake holder approaches need both to be developed. Multi disciplinary services should be promoted to achieve successful transitions for individuals, organisations and local communities.

Obviously, the present crisis not only brings restructuring at the top of national and European agendas but also requires changes, new thinking and new practices on a large scale. In such a context, IRENE contribution is to emphasize realistic but ambitious progress to be made; it represents also a call for wider exchanges, discussions, innovations, negotiations and regulations.

The IRENE Network, Paris 14th of January 2010

The IRENE network : who we are ?

Combining previous European studies, the IRENE network

- Brought together into both peer-to-peers but also multi stake holders debates 125 practitioners from 15 countries¹ and from five main backgrounds: employment services specialists, territorial actors, managers, trade unionists and European employees' representatives as well as health experts and academics.
- Discussed the state of the art when it comes to responsible restructuring. Working on a voluntary and non profit basis, IRENE experts looked at their practices, pointing out successful innovations but also barriers, obstacles, often coming from their own routines and structures.
- Drew guidelines for necessary moves towards innovations and better governance, including cross national "recommendations".

IRENE network members

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