

## EQUAL PAVES THE WAY FOR SOCIALLY RESPONSIBLE RESTRUCTURING

In a recent presentation to the [CEDEFOP\[1\]](#) conference on *Guidance for Workforce Development*, held in Thessaloniki on 25/26 June 2007, the EQUAL programme had the opportunity to present its experience of socially responsible restructuring, addressing the needs of individuals as well as the regions and localities.<sup>[2]</sup> Here is a quick snap-shot of the presentation, which drew directly from the EQUAL publication: [EQUAL and ESF Article 6: innovative and socially responsible restructuring](#).

### THE IMPACT ON COMMUNITIES AND INDIVIDUALS

Despite the recent emphasis by European policy makers (with the establishment of the Restructuring Forum and agreement of the European Globalisation Adjustment Fund), restructuring is far from a new phenomenon. Indeed, restructuring is a normal and necessary part of ongoing business and technological developments. Efforts must therefore be made not to avoid it, but to ensure that businesses and employers are well prepared and equipped to face these challenges.

Even if the process of restructuring is not new, it has arguably speeded up significantly in recent years as a result of technological change and the globalisation of production processes. Moreover, despite media emphasis on developments such as offshoring and outsourcing, data presented by the European Foundation for the Improvement of Living and Working Conditions (in its European Restructuring Monitor) shows that such phenomena are far from the norm. On the contrary, the majority of organisational changes are the result of internal restructuring, which does not readily grab the headlines!

Although restructuring is a "natural" phenomenon, one must not ignore the devastating effect it can have on communities, undermining their economic security beyond those directly affected by any changes. The impact on the individual – both in the company and community – is hard-hitting. Many of those affected by redundancy express a strong sense of bereavement – a loss of part of their identity, which goes beyond the serious financial consequences of unemployment.

The recent Communication by the European Commission on [Restructuring and Employment](#) has emphasised the opportunities offered by restructuring for longer term growth in more sustainable, higher value added sectors and jobs. While this is certainly the case, the question has to be asked whether these jobs will be available to communities and individuals in the same regions. In order to ensure that those threatened by restructuring are in the best possible position to face the opportunities of a changing economy, such transitions must be planned and managed carefully with the involvement of all stakeholders.

*"For me, taking part in the activities of the EQUAL project has been a big step forward – a door wide open. When my company closed down, I found out about the range of training opportunities on offer as well as advice on how to find a new job which could drastically improve my chances of finding work. This support really helped me in this terrible time. After a few weeks, I felt stronger and much more ready to face new employers. I am now working in a completely new sector, but using the skills I gained in my previous job."* A beneficiary of the *DECRIRE* project, Belgium

As the above testimony demonstrates, timely and appropriate intervention can make all the difference for those affected by restructuring and allows them to face the future with hope. The goal of the *DECRIRE* project was to retrain workers facing unemployment or already made redundant as a result of sectoral restructuring. In order to do this, it sought to validate the existing experience and know-how of the training units established by the trade unions and to bring together various actors in successful partnership to offer support, training and supervision to re-integrate workers into the labour market. One of the key outputs of this project was a DVD charting the experiences of workers who had benefited from the EQUAL project. This was designed to gain the support of politicians and other local stakeholders to ensure the programme had a future beyond the availability of EU funding. So far, 4,314 workers have benefited from the project and 75% of those made redundant have found a new job, which is an amazing result.

## KEY INSIGHTS FROM EQUAL

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EQUAL funding (particularly under the Adaptability pillar) has provided an excellent test bed for new ideas in the management of socially responsible restructuring. An assessment carried out showed that 22% of EQUAL projects deal or have dealt with issues relating to restructuring. For the purposes of the presentation, the good practice and experience of EQUAL can be summarised under four key headings:

- Developing effective support, reconversion strategies and co-ordination of instruments
- Providing direct support to individuals
- The importance of partnerships
- The particular position of small and medium-sized enterprises (SMEs) in relation to restructuring

### **Support, reconvert and coordinate!**

Early anticipation and effective planning for change are critical to the effective management of change. This must involve a variety of stakeholders at national, regional and local level, including Public Employment Services, Regional Development Agencies, politicians, social partners and NGOs. Regional development policy must be capable of anticipating sectoral developments and changes. In addition, systems must be in place to understand and anticipate future skills needs in order to plan any necessary training and retraining actions.

Rapid response is vital because it has been shown that in the case of redundancies, the longer a worker remains out of work, the more difficult it is to ensure his/her effective re-integration into the labour market. Measures taken to integrate individuals must also avoid further discouragement by providing the wrong messages or inappropriate training. Anticipation and planning not only avoids a waste of human, but also of financial resources.

A number of EQUAL actions have demonstrated the utility of setting up permanent monitoring structures such as regional and sectoral economic, labour market and skills observatories which ensure that such assistance is sustainable and involves all key actors on a regular basis to build strong local partnerships. It is clear that in developing such systems, there is a cost attached. However, when assessing such costs, this must be weighed against the clear benefits of early anticipation and effective intervention in providing effective solutions to avert some of the negative impact of restructuring.

It may not be immediately obvious, but in instances of restructuring it can often be forgotten that when shedding labour, vital experience and tacit knowledge about the business and the industry can be lost. This often occurs when change is effected by shedding workers close to retirement, which is often perceived as the more "socially responsible way" of carrying out restructuring. But this is not always the best option, not only in the context of demographic change (and indeed policy) change, but also in terms of restructuring. The loss of experiential knowledge must be taken into account and if the redundancy of experienced workers proves unavoidable, systems should be put in place to ensure such knowledge is stored and retained. Different ways of doing this have been piloted by various EQUAL projects, such as *NAVIGATOR* in Greece.

Another misconception often held in companies and regions faced by significant structural change is that only the closure, outsourcing or offshoring option is available to them. This is particularly true in sectors strongly affected by competition from countries with an abundance of low cost labour. However, as the *INOCOP* and *O2K3* projects working in the Portuguese automotive and the Italian textile sectors (respectively) have shown, it is often critical to demonstrate to the businesses affected that such "negative" options are not the only ones open to them. Instead of outsourcing, upskilling and diversification into more value added areas of production can often be an option if the required support and co-operation is available. But access to such assistance can often be a barrier for SMEs, as will be demonstrated later.

### **A helping hand to individuals**

Unfortunately, even with active anticipation, planning and prevention measures, it is often inevitable that some individuals will lose their jobs. Should redundancies become unavoidable, these should be anticipated, and early training, retraining, job search or business planning support should be made available. Training has indeed been one of the most common responses to restructuring developed by the EQUAL projects. A clear message from these projects is that

such training must be targeted, flexible and accessible to all who need it. It should be developed with the knowledge of future skills requirements, and where possible, targeted for specific employers. The importance of the recognition of transferable "soft skills" is increasingly being highlighted to boost workers' employability. It is a demonstrable fact that many workers affected by restructuring have few recognised qualifications and are often considered to be low skilled. However, this characterisation often ignores soft and vocational skills gained on the job, which need to be recognised and validated. Such a process of validation serves not only to boost individuals' CVs and future employment opportunities, but also has a positive impact on self esteem.

The experience of EQUAL projects shows the need for many different partners to co-operate in this validation of experiences in order to ensure that this process is transparent and recognised by potential employers. A significant number of projects have developed coaching and personal development planning approaches to build confidence and involve individuals closely in planning and determining their own future.

### **Partnerships are essential**

The importance of effective partnerships is impossible to over-emphasise. These need to include public administrations, social partners, non-governmental organisations (NGOs) and other relevant partners. Structures for partnership must be clear, stable and transparent and must build on each organisation's strengths. Partnerships benefit from regular meetings to build a sense of momentum and to ensure that all partners involved develop positive personal interactions. With specific reference to the involvement of the social partners, early consultation and the discussion of possible options is essential in order to build trust and understanding for the need for restructuring actions.

*"Policies should put partnership based approaches at the forefront of any measures to address the challenges of restructuring and these approaches must be adequately resourced. If policies do not allow sufficient time and resources for proper planning and management of partnerships, then there is a risk that not all of the restructuring stakeholders will be fully engaged, and ultimately the solutions will not be effective and long lasting."* A quote from [EQUAL and ESF Article 6: innovative and socially responsible restructuring](#)

### **The particular position of SMEs**

Despite the smaller scale of restructuring operations, SMEs often experience more significant problems in planning for and implementing restructuring. Managers often lack training in handling such processes and there is greater difficulty in accessing support structures resulting from a lack of time, personnel or knowledge. A number of EQUAL projects have therefore focussed on pooling the resources and experience of different SMEs, and providing them with access to support structures and resources that they usually find difficult to engage. For example, some have provided access to research, development and consulting support in order to develop strategies for managing change. Others have centred on providing the physical infrastructure for managing change, such as access to job search support and vacancy databases, as well as individual counselling and support for the workers affected.

## **AND THE GOOD NEWS**

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The effective management of restructuring and change is one of the main concerns for career guidance and training professionals now and in the future. And thanks to this presentation, EQUAL was able to demonstrate a range of ways of ensuring such effective management. And the good news is that, following discussions in the conference, CEDEFOP is now keen to include restructuring as a theme in its new work programme.

[1] CEDEFOP is the European Centre for the Development of Vocational Training.

[2] The presentation was given by Tina Weber of GHK Consulting Ltd on behalf of the EQUAL Unit at DG Employment, Social Affairs and Equal Opportunities. For more information on the CEDEFOP conference itself, see the [complementary article](#)

[3] The O2K project is funded under the ESF Article 6 Innovative Measures programme.