



CHANGE



MANAGEMENT



What is the EU doing to help you?



European Commission

LEGISLATION

EU social legislation protects the interests of EU workers and businesses in a changing world

Several Community directives already lay down protection mechanisms and information and provide for consultation of workers' representatives at national or European level. These apply in the event of company closures, changes of ownership or other major changes. They aim at involving workers and their representatives in planning the process of restructuring within companies, thus allowing all concerned to better anticipate and prepare for the coming change.

EU Directives in this field already cover **collective redundancies** which should cover ways of avoiding or of reducing the redundancies and of mitigating their consequences by recourse to social accompanying measures aimed at, in particular, aid for redeployment and retraining

of the redundant workers; **and transfers of undertakings**, as in the case of a company which is taken over by another, the workers of the acquired company keep their employment contract with the new employer in the same conditions as before the acquisition. Other Directives on the **information and consultation of workers** require that employees must be informed through their representatives if substantial changes are proposed to the company's work organisation or employment contracts. **European Works Councils** play a crucial role in the information and consultation of workers in big multinational companies in Europe. More than 800 of them have European Works Councils in place, covering almost 15 million workers.

ANTICIPATION

To minimise the costs of restructuring we all need to look ahead

Good management of restructuring relies on effective processes of anticipation and cooperation among the various key players.

The EU has useful levers at its disposal to anticipate and accompany change. By endowing itself with both adequate capacity to identify and forecast sectoral developments and the tools to react effectively to unforeseen events, which disproportionately impact on certain sectors or regions, the EU promotes successful coordination among all stakeholders.

In addition to developing knowledge about the restructuring phenomenon itself, the Commission has launched a series of 20 sectoral studies that seek to identify emerging competencies at sectoral level and analyse how existing occupations will evolve over the coming seven years, with the goal of helping workers and companies to anticipate future developments. By applying a foresight approach, built on scenarios, these studies provide options for both anticipating and adapting to change.

CHANGE MANAGEMENT

We live in a changing world. Globalisation, information technologies, climate change and demographic changes are inexorably changing our economies and societies. Restructuring of companies and sectors happens as a natural consequence of that change. It has become a fact of life and continues a process which occurs in many different forms, such as reorganisation, closure, insolvency, downsizing, delocalisation, etc.

Restructuring should not be seen as synonymous with social decline and a loss of economic substance. On the contrary, restructuring can often underpin economic and social progress — however usually this will only happen if the structural changes are correctly anticipated, if the firms affected can take corrective measures and manage the necessary change quickly and effectively, and if the public authorities help to create the right conditions. Thus, **anticipation, preparation and accompanying measures** are essential.

The EU has created **a number of directives** to guarantee minimum **legal** protection in the event of restructuring, but reactive measures alone are not enough. To gain the best from the process of restructuring we need to become pro-active, and anticipate events using the best tools and instruments available. Thus, to complement its protective legislation, the EU promotes strong **Social Dialogue** as a means by which the social partners (employers and employees' organisations) can play an important role in anticipating and managing change. The **EU also contributes funding** to help Member States, regions, companies and workers to tackle the negative effects of restructuring.

This leaflet highlights some of the *big issues* surrounding the topic of restructuring and explains what the EU is doing to help prepare for and manage the effects of change.

ADAPTATION

Coping with change: a necessity for Europe's companies and workers

Change is constant and inevitable. In the last few centuries, Europe has moved from an agricultural economy to one based on industry and then to the current version based on services. Over the last 40 years industry has contracted from being 40% of the economy to 25% whilst, conversely, services have grown from 40% to more than 70%. While a total of 16 million new jobs were created in the EU 27 between 2000 and 2007, with 1 million in industry, 3.8 million jobs in agriculture were lost.

It is estimated that, on average, between 5 000 to 15 000 jobs are created and shed every day in each Member State. The question is "should we be doing anything about that?", and if so, what can we do? The EU believes that we have to adapt – it's the best way for us to ensure our future growth and prosperity.

PREPARATION

All stakeholders need to invest in human capital and in training

Effective anticipation and management of change requires early and effective preparation. Workers, companies, national and regional authorities, as well as social partners, can all have a role to play. For example, companies have to adapt to change, and employees have to develop new skills and knowledge. Preparing workers and regions well in advance of particular restructuring events is the responsibility of individual workers, as well as of companies, governments

and regional authorities. All stakeholders need to be mobilised to develop and foster a true culture of lifelong learning.

Improving workers' skills and adaptability is thus a priority of the European Employment Strategy. The EU has a comprehensive set of policies and strategies – at European, national and regional levels – to improve workers' knowledge and skills, with the support of the European Social Fund.

EU POLICIES

These are all key elements of what the EU is doing to help you

The EU acts to anticipate and manage change in a variety of areas, many of which are indirectly linked to employment:

- The **Lisbon Strategy for Growth and Jobs** which aims to promote economic growth, foster competitiveness and create jobs;
- The **European Employment Strategy** which plays a central role in coordinating Member States employment policies;
- **Industrial Policy** and **Innovation Policy** which help to create the right conditions for long-term economic and technological development;
- **Trade Policy** in which the EU assumes its position of global player;
- **Education and Training Policies** which seek to reinforce and promote high basic skills and lifelong learning;

- **Structural funds** which make a major contribution to the economic and social re-conversion of territories and workers affected by restructuring.

The European Commission also evaluates and takes into account the economic, social and environmental impacts of its policies and measures prior to their launch at European level. This allows for adequate preparation of those who may be affected.

To achieve more convergence and synergy between the various objectives and policies involved in restructuring, an internal "Restructuring Taskforce" involving the relevant Commission departments has also been set up.

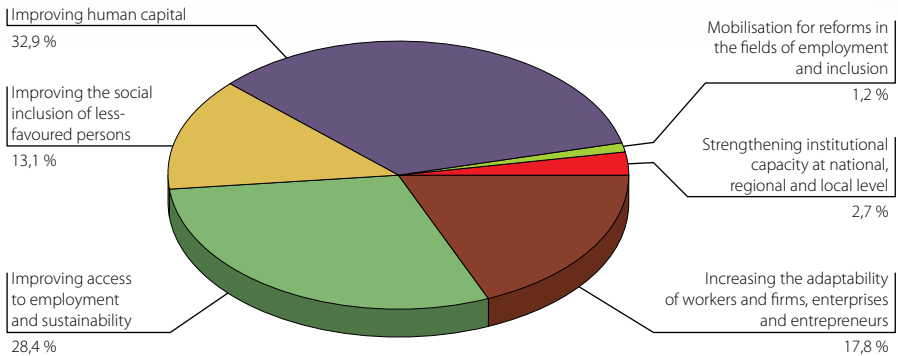
SOLIDARITY

EU funding programmes help workers manage and be ready for change

EU funds play a crucial role in helping employees adapt to change. The **European Social Fund (ESF)** promotes employment and helps citizens to enhance their education and skills, and improve their job prospects. The ESF was set up in 1957 to reduce differences in prosperity and living standards across EU Member States and regions, thus promoting economic and social well-being. During 2007–2013, the ESF will support action in Member States to increase adaptability of workers and enterprises with a view to improving both the anticipation and positive management of economic change.

The recently created **European Globalisation Adjustment Fund (EGF)** helps workers, who have been made redundant due to restructuring triggered by trade liberalisation, to quickly re-enter the labour market. It applies, under certain conditions, to restructuring which leads to 1 000 or more dismissals over a given period of time.

Repartition of the European Social Fund (ESF) by priority team



NB : This does not add up to 100% as non-ESF related categories and Technical Assistance are not included.



EUROPEAN SOCIAL DIALOGUE

EU social partners and their commitment to managing change and its social consequences

To complement its internal policies related to restructuring, the EU strongly promotes social dialogue between employers and trade unions. In 2003, following a Commission request, the European social partners identified a number of orientations that could serve as a reference to assist in managing change and its social consequences on the basis of specific case studies.

These orientations show us how essential it is to explain the reasons for change early and allow enough time for workers, to maintain and develop their competences and qualifications so as to foster internal and external mobility; this provides the best prospects of ensuring the success of the affected businesses, and of contributing to the economic re-development of the territories affected by restructuring.

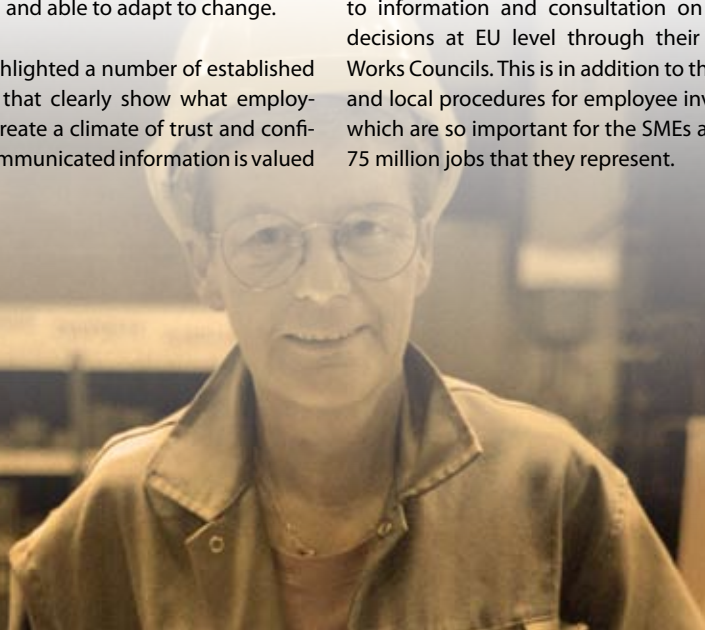
COMPANIES

Employers can help create a climate of trust and confidence

Companies lie at the heart of the EU's restructuring strategy – by helping their workers to be more prepared and able to adapt to change.

The EU has highlighted a number of established best practices that clearly show what employers can do to create a climate of trust and confidence. Well-communicated information is valued

by workers and their representatives. Around 10 million workers across the EU have the right to information and consultation on company decisions at EU level through their European Works Councils. This is in addition to the national and local procedures for employee involvement which are so important for the SMEs and for the 75 million jobs that they represent.



REGIONAL DIMENSION

Initiatives at the regional level contribute to our success in coping with change

Different regions are affected by change in different ways. Solutions thus need to be localised. The EU is full of examples of dynamic regions which embrace change, anticipate events and move in a fast-evolving, forward-looking business environment. These are regions in which all the actors – companies, trade unions, public authorities, education and training institutions, local bodies, etc. – get together around the basic concepts of anticipation, partnership and continual investment in innovation and human resources.

The Structural Funds – in particular the ERDF and the ESF – have played an important role in supporting such integrated action at regional level, aimed at anticipating and preparing for the future. Their role in that regard should be reinforced in the years to come.

RESTRUCTURING FORUM

Together we can anticipate, prepare and manage change

Designed as a platform for the exchange of ideas and debate involving representatives of the European Institutions, the governments of Member States, regional and local authorities and the social partners, the **Restructuring Forum** was set up in 2005 to keep in touch with ongoing changes, at all levels, and to ensure that the various existing initiatives are properly dovetailed.

The Forum meets regularly. Following its inaugural session, the Commission has organised a series of sessions focusing on specific aspects of restructuring (the sectoral dimension, the territorial dimension, the role of the social partners, the anticipation tools and the specificities of the SMEs), as well as on particular sectors (automotive and defence sectors).

Where can I find more information?

As follow up of the restructuring forum on anticipation held in June 2007, it was decided to set up an online centre of resources on anticipation to change and restructuring called "Anticipedia". The information available on the site will be supplied by the Commission and any economic actor involved in restructuring process.

A "Restructuring in Europe" report is published on a regular basis. The most recent, published in 2008 presented a review of EU actions to anticipate and manage employment change.

Further information

<http://ec.europa.eu/social>

- Working for you
 - Jobs
 - Responding to economic change

Other links

<http://www.eurofound.europa.eu/>

http://www.eesc.europa.eu/sections/ccmi/index_en.asp

Please contact unit F3:

empl-f3-unit@ec.europa.eu

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