S/permanent/joint texts/post 2001/divers/orientations restructuring EN.doc 16 October 2003

Orientations for reference in managing change and its social consequences

1. Introduction

Companies and workers confront more and more rapid change in the organisation of work and production as well as a necessary evolution of competences and qualifications in a context of economic globalisation and on-going technological innovation. Private and public enterprises must live up to these challenges to be competitive.

In the countries set to accede to the European Union, the need to pursue the changes and adjustments necessary to perfect the operation of young market economies is added to the challenges linked to globalisation, technological developments and modernisation of work organisation faced by all European countries.

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 in a climate of confidence and a positive attitude to change are important factors to prevent or limit the negative social consequences.

This explains why, in their social dialogue work programme 2003-2005, UNICE/UEAPME, CEEP and ETUC agreed to reflect on restructuring with a view to identifying orientations that could serve as a reference to assist in managing change and its social consequences on the basis of specific case studies.

Three seminars have been organised in the framework of the European social dialogue, in October 2002, and March and May 2003. These were an opportunity to study ten specific cases of restructuring in depth. Detailed descriptions of the experience of seven large companies (Norsk Hydro, Danone, Marzotto, Deutsche Telekom, Barclays Bank, Siemens and Metso), two SMEs (Auwera and Abeil), as related by the management and a worker representative, and revitalisation of a Spanish region (Asturias) are attached.

The orientations drawn up by the social partners are based on the lessons learnt from these ten case studies and are intended to be disseminated to all the actors concerned.

Moreover, the work programme of the social dialogue foresees a study on restructuring in the acceding countries.

At European level, the social partners underline the importance of the Dublin Foundation's European Monitoring Centre on Change as a support tool for identifying and anticipating change, and organising exchanges of experience.

2. Explaining and giving the reasons for change

It is essential to explain and give the reasons for change in good time to workers and/or their representatives in the company concerned by setting out the company's overall strategy.

An open discussion on the intentions of the management, in some cases based on documents explaining the reasons for the decisions and their possible consequences, allows workers and/or their representatives to make their views known.

An understanding of this strategy is essential to create a positive climate for discussion and a climate of confidence. Involvement of managers is also a factor for success.

The obligations arising from the legislative and contractual framework on worker information and consultation as well as on confidentiality must be met.

Good information and consultation of the workers and/or their representatives throughout the process of change may involve a different relevant level depending on the time and subject under consideration. Existing European bodies are the appropriate level when changes concern the strategy of a group and affect sites in several EU countries.

Beyond these obligations, several tools are used:

- Some companies produce a specific annual report on their developments.
- Others use documentation prepared for shareholders.
- Yet others have drawn on suggestions from workers as to how to improve the organisation of work and production.
- Over and beyond formal procedures, all the case studies underlined the importance of continuous quality communication with workers and/or their representatives.

3. Developing employability

All the case studies underlined the importance of maintaining and developing workers' competences and qualifications in order to foster internal and external mobility and ensure the success of the business. It also emerged that it is essential to act early in order to prepare the evolution of jobs and competences and, if possible, anticipate them.

The development of its workers' competences is crucial for the success of the enterprise and the worker's own competences development is crucial for the management of his/her working life.

This approach is the one recommended in the framework of actions for lifelong development of competences and qualifications adopted by the European social partners in February 2002.

4. Territorial dimension

When economic and social changes have serious repercussions for an entire region or territory, complementarity and synergies between the actions of the various actors (employers, trade unions and territorial public authorities) assumes particular importance.

The importance of this partnership to foster new job-creating economic activities, manage reassignments and improve the operation of the local labour market was highlighted in the experience of regions changing economic activity but also of some companies.

In this context the social partners recall the importance of the role played by EU structural funds and territorial infrastructures to maintain social cohesion, ensure redevelopment initiatives and economic development.

5. Specific situation of SMEs

Creation and development of SMEs as an indispensable component of a dynamic and adaptable economic and social fabric as well as the particular situation of those SMEs, which are dependent on one large customer or in regions dominated by a single activity constitute the backdrop to this debate.

Regarding SMEs in a restructuring situation themselves, overcoming the difficulties requires even more than in large companies, strong creativity and strong motivation on the part of the various players. The financial risk taken by the owner-manager is particularly important and cannot be taken without a supportive environment. The cases studied underlined that the willingness of workers and/or their representatives to take part in the firm's collective efforts from the outset is a precondition for convincing customers and financial institutions of the project's viability.

6. Managing restructuring

The social consequences are managed locally. In case of "social plans", the negotiation takes account of factors such as the company's constraints, the tax regime, national legislation, collective agreements and the needs and choices of workers.

All the case studies stressed a concern to explore all possible alternatives to dismissals such as for example:

- reassignment,
- training,
- reconversion,
- support for business creation,
- an agreement to diversify forms of work and employment and/or suspend or adapt some benefits on a temporary basis,
- personalised worker support,
- natural departures, notably through retirement or, as a last resort, early retirement.

Management of the social consequences of a restructuring operation is a complex process. Several levels of information, consultation or negotiation and several types of workers' representation may co-exist in the companies and countries concerned.

For a good management of restructuring, time is an important factor, for management and workers alike. The difficulty is organising quality information and consultation without creating undue delays and uncertainties. A positive attitude to change together with the existence of a climate of confidence between management and workers and/or their representatives are key factors. Beyond formal procedures, informal relations play an important complementary role on the search for solutions which meet the needs of the enterprise and workers.

Given that ongoing change is a characteristic of the lives of companies and workers, some of the case studies revealed that the policies implemented during a restructuring operation were based on lessons learnt from an earlier experience. In this context, it has proved useful to put in place monitoring mechanisms to evaluate the effects and check the efficiency of the solutions identified in the medium and long term.

* * *