



Latvian National Seminar on Restructuring

21 January 2010

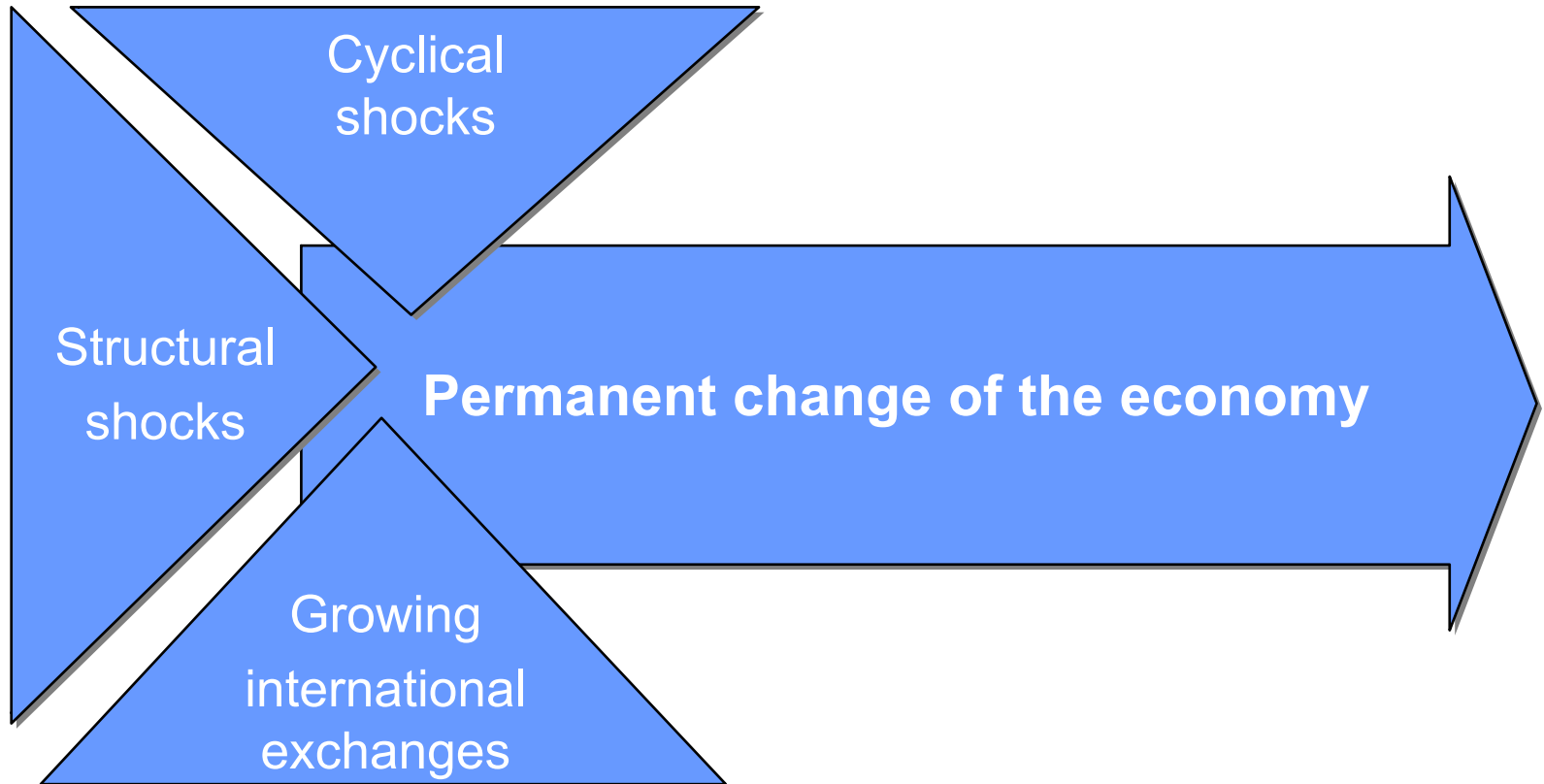
Riga

European Commission

Directorate-General for Employment, Social Affairs and Equal Opportunities

Unit F3





→ **Restructuring is part of a changing economy**



CONSEQUENCES OF RESTRUCTURING



HUMAN COST

Impact on:

Workers (vulnerable)

Suppliers (SMEs)

Local economy

FEAR OF CHANGE

Unemployment?

Wage reduction?

Lack of possibilities

Risk aversion

Responsible restructuring





- Anticipation
- Prepare and accompany restructuring when unavoidable
- Minimise social costs
- Support partnerships (social partners)
- Action at different levels
- Reconcile security for workers with flexibility needed by companies



STRATEGY BASED ON 3 DOMAINS



Anticipation → **Preparation** → **Management**

*Develop and stimulate
anticipative actions*

Exchange good practices

*Assist restructuring
processes*

Partnerships
Sectoral foresight studies
Training guide for SMEs
Anticipedia
Private equity study
Climate change study

Restructuring forums
National seminars
Restructuring report

Toolkit restructuring
Taskforce





Develop proactive actions: Strategic management of human resources and skills



Different levels of anticipation:
company, sector, region, national, European



Collaboration of different actors needed:
companies, workers, social partners, public authorities and services



Need trust, dialogue, transparency, partnership, time, knowledge, commitment,...





Future skills needs and emerging competences in 18 economic sectors

Objectives

- Identify emerging competences and future skills needs
- Sector level
- Foresight methodology
- Provide recommendations to stakeholders
- Collaborate with a maximum of partners
- Element of « New Skills for New Jobs » initiative

Reports available on Europa website:

<http://ec.europa.eu/social/main.jsp?catId=784&langId=en>





- Basis for future actions by other actors
- Transversal analysis of skills needs across 18 sectors
- Restructuring Forum: Sectors' New Skills for New Jobs organised on 7&8 Dec 2009 together with EP, EESC and CoR. More info on:
<http://ec.europa.eu/social/main.jsp?catId=782&langId=en&eventsId=209&furtherEvents=yes>
- Analysis of transferable competences across economic sectors and their importance for employment: 2010





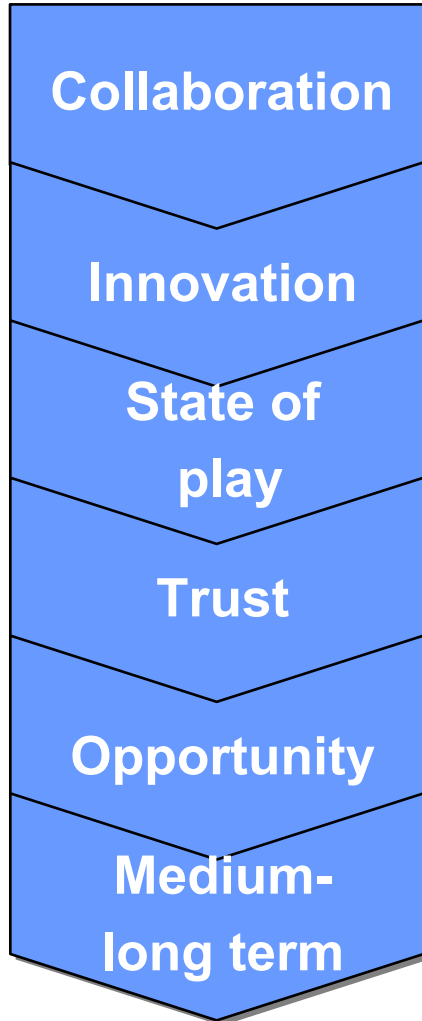
Sectoral councils on employment and skills

- Objective: reinforce cooperation at European level on the anticipation of skills needs
- Sectoral approach.
- Feasibility study to review existing « councils » in OECD countries and develop options for the format of councils
- Possible option: platform of exchange of good practices in sectors where stakeholders interested
- Results expected end November 2009





European partnership for the anticipation of change in the automotive sector

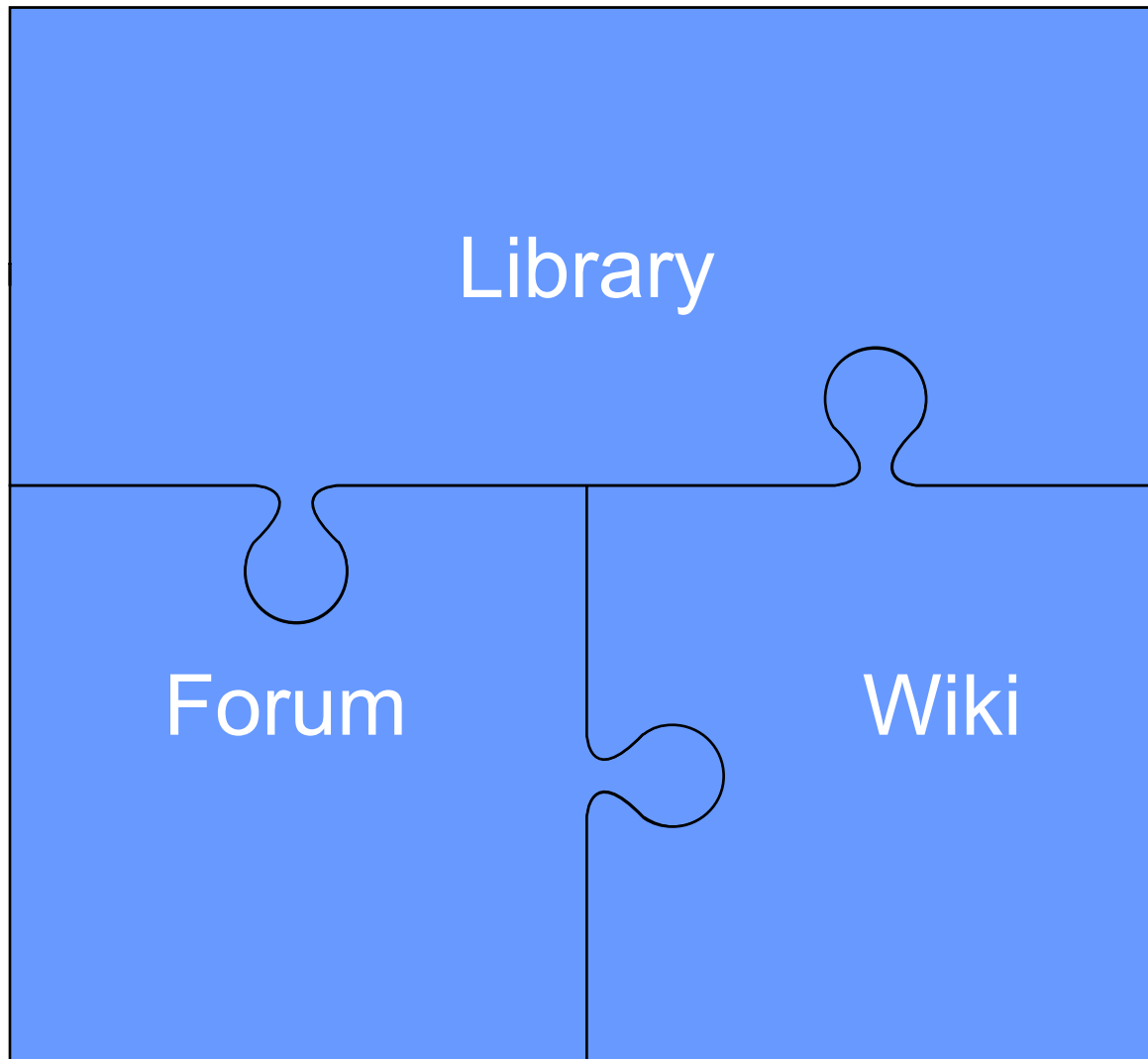


- Subscribed by Com and European sector organisations
- Roles and responsibilities and commitment of partners
- Work programme implemented
- Trust, dialogue, partnership, commitment
- Opportunity to reflect on social responsible restructuring
- Anticipative approach towards a sustainable industry
- Weblink to official document:

http://www.anticipationofchange.eu/fileadmin/anticipation/Logos/EU_partnership_en.pdf



ANTICIPATION – ANTICIPEDIA





Guide for training in SMEs

Objectives

- Help SMEs to prepare, implement and manage training
- Provide comprehensive and systematic overview
- Practical solutions to problems and obstacles SMEs typically face

Content

- SME internal barriers and obstacles for training;
- methods and techniques of training;
- current and structural challenges of competence development
- Cases of good practices in training and skills adaptation

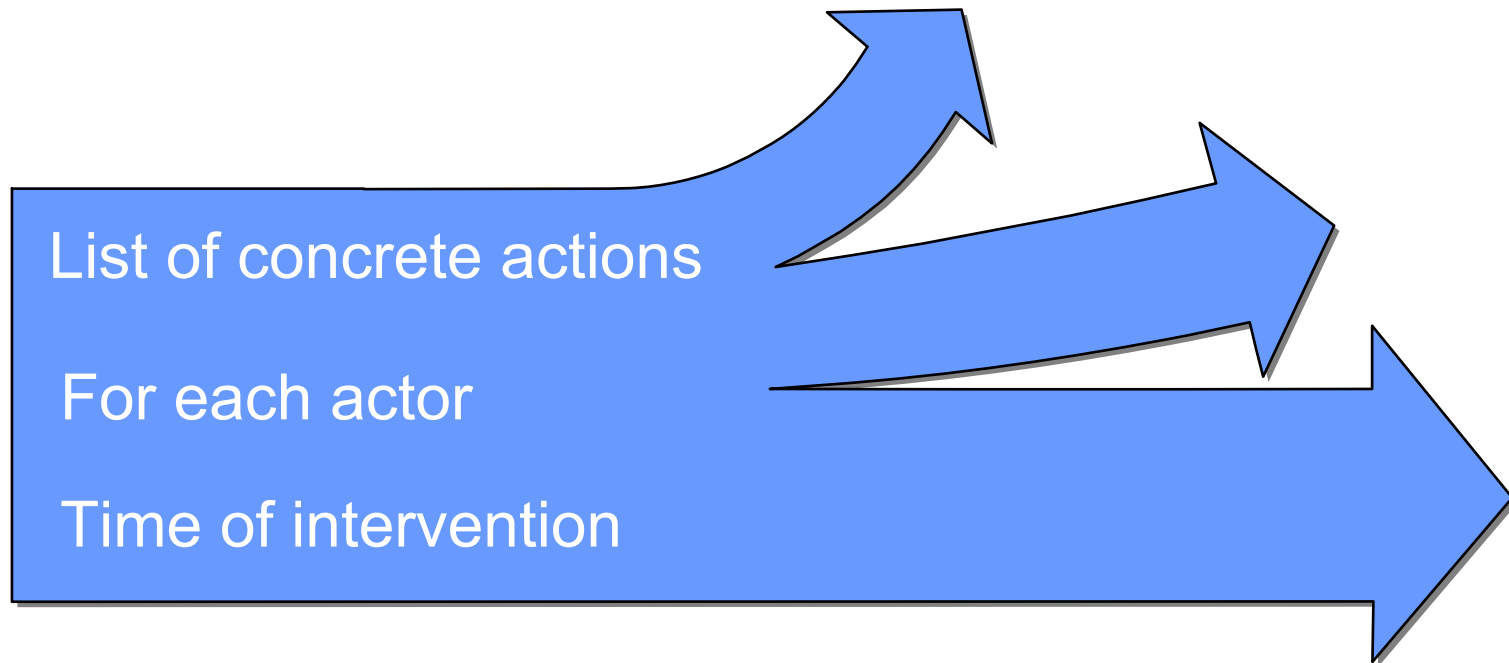
- Study available under:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=782&newsId=544&furtherNews=yes>





Checklists on Restructuring Processes

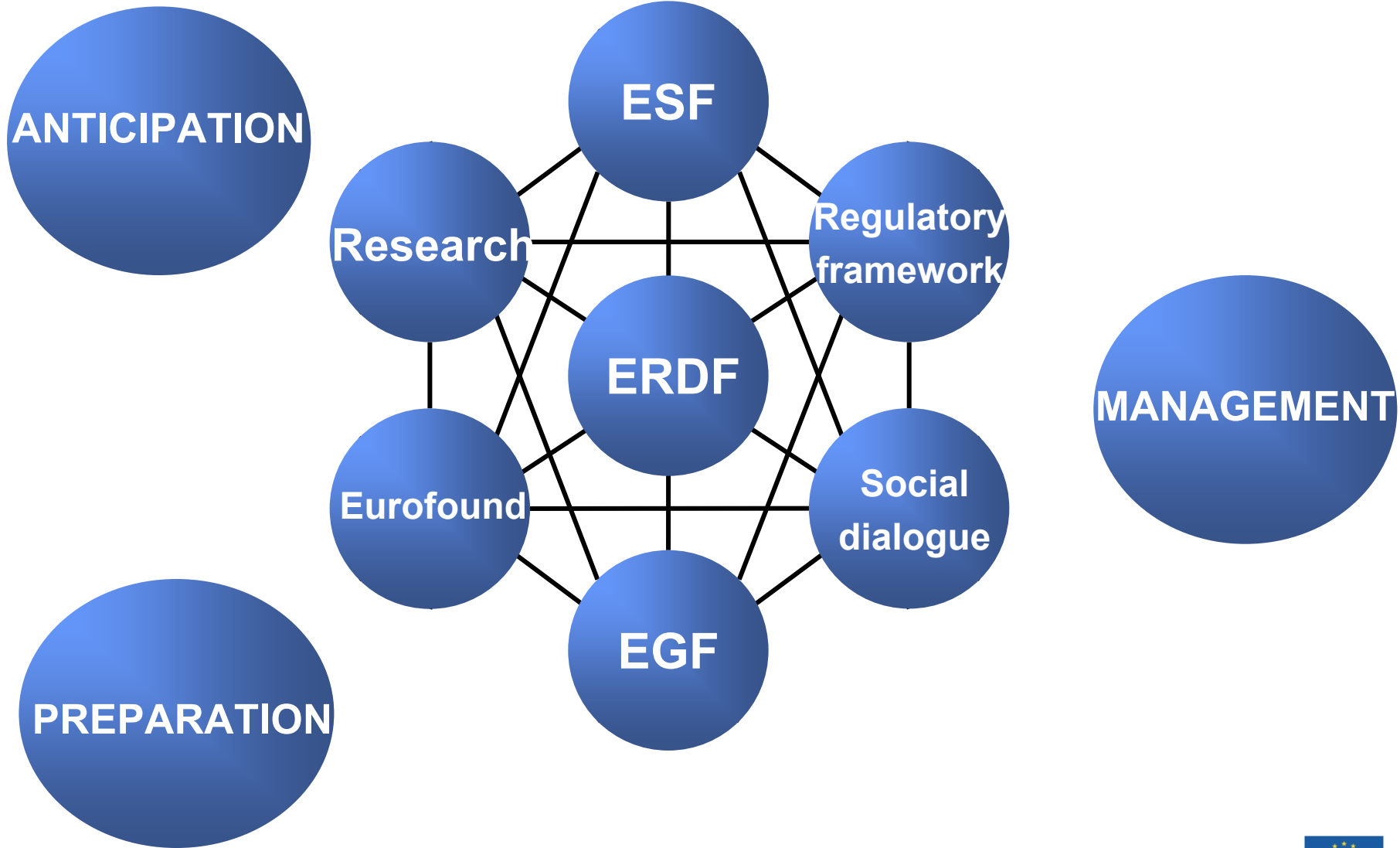


Checklist available at:

<http://ec.europa.eu/social/main.jsp?catId=782&langId=en&moreDocuments=yes>



OTHER EC INSTRUMENTS





- Programming period 2007-2013 closely linked to EES and Lisbon strategy

—————→ Priorities related to anticipation and management of change

- ESF support include:
 - Identification of future occupational and skills requirements
 - Exchanges of good practice
 - Contingency plans and early warning mechanisms
 - Support to SMEs
 - Employment, training and support services
- Cohesion policy support proactive strategies to adapt to economic and structural change

More info at: <http://ec.europa.eu/esf>



- Tool to support workers affected by impact of globalisation or the current economic and financial crisis
- Objective: to keep workers in employment or help them back into work
- Financing of activities to improve the skills and employability of workers
- Instrument made more flexible in current situation

More info at: <http://ec.europa.eu/egf>





- **27 National seminars on restructuring**
- **Restructuring report**
 - Aim: Dissemination of information
 - 2008 European policies

<http://ec.europa.eu/social/main.jsp?catId=782&langId=en&pubId=243&type=2&furtherPubs=yes>
- **Restructuring Task-Force**
 - Internal coordination of Community policies
 - Better evaluation of the social impact of Community policies





- Objective: platform of exchange and discussion between participants
- Inaugural session June 2005
- Themes: sectoral actions, regions, anticipation, SMEs, automotive, transnational agreements, ESF, defence
- 2009:
 - climate change;
 - Restructuring management and toolkit: 12 & 13 Nov 2009
 - Sectors' New Skills for New jobs 7&8 Dec 2009
- 2010:
 - Private equity, hedge and sovereign funds
 - conclusions of the 27 national seminars
 - Health aspects of restructuring





Thank you for your attention!

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





27 National Seminars Anticipating & Managing Restructuring

A.R.E.N.A.S - VC/2008/0667



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Employment, Social Affairs and Equal Opportunities

INTRODUCTION TO THE OBJECTIVES OF THE LATVIAN NATIONAL SEMINAR

Riga, 21 January 2010



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AIMS OF THE NATIONAL SEMINAR

- Exchange of views and perspectives on national framework on Restructuring
- Cataloguing lessons learnt and systemizing knowledge and practices on restructuring in your country
- Knowledge sharing
- Identifying inputs to the EU Synthesis Report



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EXPECTED RESULTS

- Shared knowledge on Anticipation and Management of Restructuring
- Lessons learnt and good practices
- Observatory at EU level on “state of the art” on Restructuring and transferability of good practices.



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ORGANIZATION OF THE SEMINAR

- Presentation of key findings of the NBP
- Starting the debate on the effectiveness of restructuring practices in your country in the context of the current economic crisis.
- Analysis and discussion of relevant case studies: their impact and transferability to other contexts



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SELECTION OF THE INVITED PARTICIPANTS

- High level participation to ensure efficient and profitable discussion as the main challenge.
- A tripartite approach rooted in social dialogue
- Practical experiences of restructuring



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Methodology

- A combination of presentations, panel discussions, and working group discussions.
- Facilitator will stimulate debate, discussion and experience sharing.
- Outcomes of the national debate will provide inputs for the EU Synthesis Report on lessons learnt on restructuring.



ILO Programme on Socially Sensitive Enterprise Restructuring (ILO/SSER)

Nikolai Rogovsky

ILO, Geneva - Riga, 2010



Restructuring takes place at the level of:

- Economy
- Sector
- Region
- Enterprise (this is ALWAYS the case)



Message 1: Economic and social dimensions of restructuring – what are we calling for?

To RESTRUCTURE in a sensitive way, taking into account as much as possible all stakeholders' concerns, in particular those by the **workers** and the **management**, without forgetting the final aim of restructuring, which is =

Improved enterprise competitiveness
and even enterprise survival.



Our message is based on the ILS concerning restructuring – not compliance, but rather a signal from the social actors on what is right and what is wrong

- ✓ Termination of Employment convention and recommendation, 1982 (No. 158 and No. 166)
- ✓ ILS on Non-Discrimination, etc.



Message 2: Restructuring is not always downsizing (3 “levels” of restructuring)

- Without cutting labour costs (portfolio restructuring, capital mobility, etc.)
- Cutting labour costs, but no layoffs (management accepting pay cuts, etc.)
- Downsizing, but in a **socially sensitive way** (i.e. using a number of suggested tools aimed at helping displaced workers and “survivors”)



Message 3: If downsizing is necessary, it could be carried out in a socially sensitive way, including re-employment options

Suggested tools

1. **Voluntary redundancies**
2. Internal job search help
3. External job search help
4. SME creation help
5. Mobility
6. **Early retirement**
7. Vocational training
8. Part time job and other AWS
9. Sub-contracted workers
10. Flexible leave
11. Psychological help
12. **Severance packages**



Research findings: downsizing often leads to

- Lower profits, productivity and quality
- Higher absenteeism and turnover
- Industrial disputes and even social unrest



Examples of the SSER activities:

- Training
- Action research
- Promotion and Policy Guidelines
- Technical cooperation (ARENAS is a flagship programme; **its outcome will contribute to all of the above**)



Some of our major findings of the SSER programme

- SSER costs are known, benefits are not
- Anticipation- still rare, most companies:
 - simply comply with the law (social plan, etc.)
 - think short-term (follow state of economy/sector/market)
- Social dialogue –a reality (but almost only in Western Europe)
- All “good” cases: Early retirement – 99,9%, severance packages and voluntary redundancies – 90%, other tools (psycho help, training, AWS, SME development, job search help, etc.) – only from time to time...
- Not much attention paid to « survivors »
- In many cases downsizing is not the best option not only from social, but also from economic point of view (see above)



However: companies do not operate in vacuum: roles of government and social partners (as defined by the ILC 2007)

- Conducive environment
- Social dialogue
- Encouragement of CSR
- Etc.



Enterprise sustainability is achieved through:

- Policies, law and regulations
- Social dialogue
- CSR



Main message of the ILO/SSER programme:

We are all in the same boat: we will swim together or sink separately