

### National Seminars on Restructuring

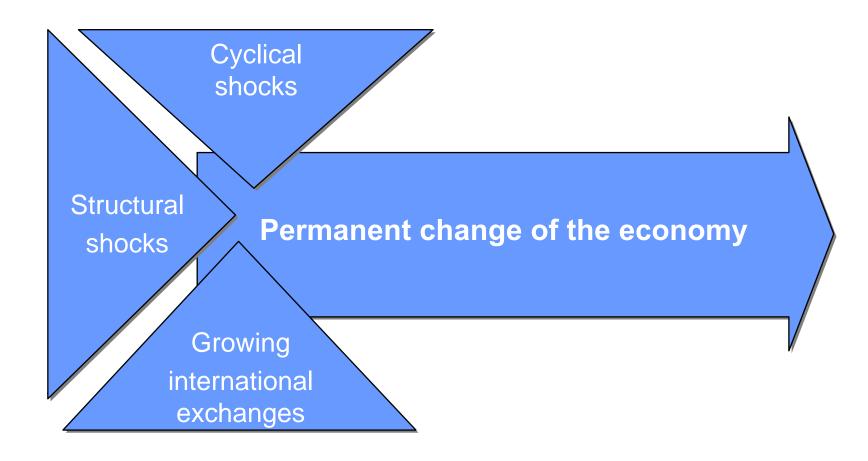
16 February 2010 Malta

European Commission - Directorate-General for Employment, Social Affairs and Equal Opportunities



### **OBJECTIVE**





→ Restructuring is part of a changing economy



### CONSEQUENCES OF RESTRUCTURING



#### **HUMAN COST**

**FEAR OF CHANGE** 

Impact on:

Workers (vulnerable)

Suppliers (SMEs)

Local economy

**Unemployment?** 

Wage reduction?

Lack of possibilities

Risk aversion

Responsible restructuring



### PHILOSOPHY - ESSENTIAL ELEMENTS



- 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



### ANTICIPATION - SKILLS COUNCILS



### 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



### ANTICIPATION -AUTO PARTNERSHIP



#### European partnership for the anticipation of change in the automotive sector

Collaboration

**Innovation** 

State of play

**Trust** 

**Opportunity** 

Mediumlong term

- 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

### PREPARATION - TRAINING GUIDE SMEs



### **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:

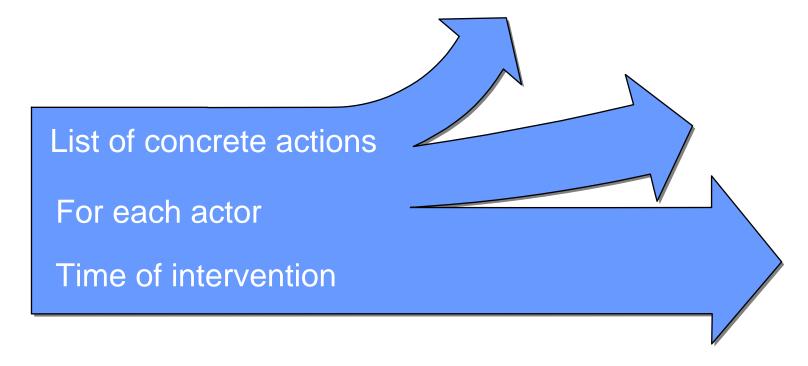
http://ec.europa.eu/social/main.jsp?langId=en&catId=782&newsId=544&further News=yes



### **MANAGEMENT - CHECKLISTS**



### **Checklists on Restructuring Processes**



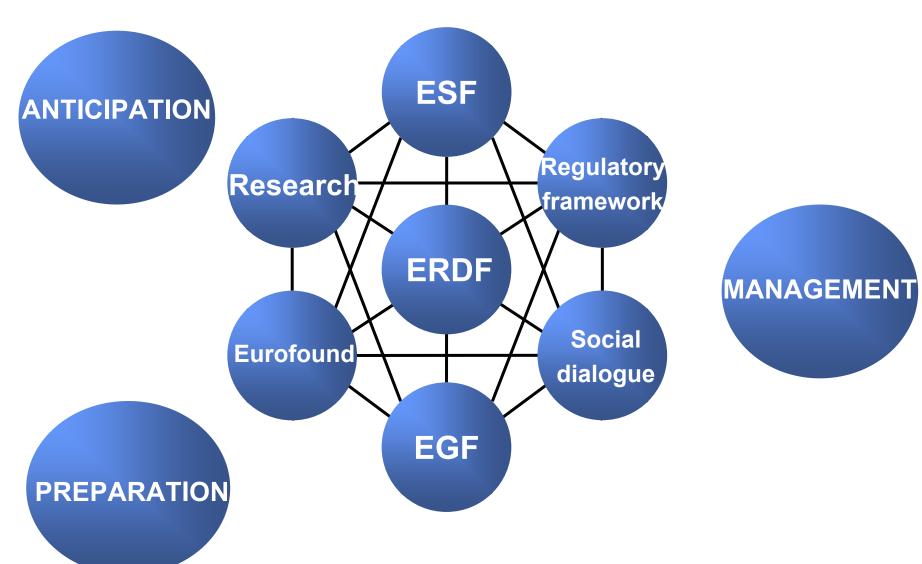
### Checklist available at:

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



### OTHER EC INTRUMENTS







### European Globalisation Adjustment Fund 📴



- 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



### OTHER EC ACTIVITIES



### 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=2 43&type=2&furtherPubs=yes

- Restructuring Task-Force
  - Internal coordination of Community policies
  - ➤ Better evaluation of the social impact of Community policies



### RESTRUCTURING FORUM



- Objective: platform of exchange and discussion between participants
- Inaugural session June 2005; 9 sessions so far
- Themes: sectoral actions, regions, anticipation, SMEs, automotive, transnational agreements, ESF, defence
- 2009:
  - climate change;
  - Restructuring management and toolkit: 12 & 13 Nov 2009 (tbc)
  - 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





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

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

To <u>RESTRUCTURE</u> in a <u>sensitive way</u>, taking into account as much as possible all <u>stakeholders'</u> <u>concerns</u>, in particular those by the <u>workers</u> and the <u>management</u>, without forgetting the <u>final</u> <u>aim</u> 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.



## Note: 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")



### If downsizing is necessary, it can be carried out in a socially sensitive way

- 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





### However: companies do not operate in vacuum – re-employment policies!

 Success of any restructuring effort depends on the support from the government, local authorities, social partners

 Re-employment policies – roles of governments, employers and workers organizations



### The main « intervention » areas:

- Policies aimed at anticipation of restructuring (including policies related to long-term workforce planning and training; giving "priorities" to certain industries, etc.)
- Social dialogue
- Legislation and regulations
- Crisis response policies





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### INTRODUCTION TO THE OBJECTIVES OF THE MALTA NATIONAL SEMINAR

# Radisson Blu Hotel 16 February 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
- Observations on the "state of the art" for Restructuring and the transferability of good practices between EU countries.





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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.







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### **Round Table Session**

To what extent existing measures and tools are sufficient and useful to anticipate restructuring in the current economic crisis? Specific Employers', Employees and (central and local) Government views





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### **STARTER QUESTION /First Round table**

Anticipating Restructuring should facilitate the timely tackling of industrial change, and prevent, or mitigate, the related social costs.

How do you assess the experience in your Country? What are the existing strengths and weakness?



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### <u>Aim</u>

Anticipating restructuring should allow tackling industrial change in time to prevent or mitigate the social costs. It will also allow us to keep abreast of developments and changes in skill demands in industry.







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- What policies and measures have been taken to anticipate these needs?
- What role can unions play in the restructuring process and developmental change?
- What is the role of Malta's Public Employment Organisation in this process?
- How do employers feel about the restructuring process?
- Are the existing measures and tools sufficient and useful?





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1. Can you give us an overview of what policies and measures are being adopted by Malta in order to anticipate future labour market and skills requirements.







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2. In your opinion which is the most effective instrument for employers in enabling them to anticipate and manage change? (Incentives schemes by Malta Enterprise, Research & Development, SME development incentive schemes, Technical Assistance, Access to Finance)





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3. We know that ETC is offering a wide range of courses to meet the needs of industry. What their main strenghts and weanknesses? How often are courses upgraded and how forward looking are they? Can you give some examples?







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4. . We know that unions in their collective agreements are changing some of the substantive and procedural issues (flexible work practices, re-training, severance pay etc) Can you give us some examples of initiatives that the GWU is taking towards this end?







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5. We know that the Central Bank issues a Quarterly Survey which amongst other things gauges the perception of employers in the coming months. From time to time reports are issued on specific sectors, for example the demand needs in IT or the construction industry and Green Jobs. How do you assess the existing tools? Are they effective for better anticipating structural changes?





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# Second Round Table session Managing Restructuring in Malta: Lessons learnt from past experience and future perspectives.





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### <u>AIM</u>

Restructuring must reach the economic and financial of objectives of the companies involved whilst mitigating the social impact (avoiding lay offs). The aim of this 2<sup>nd</sup> roundtable is to make an assessment of the strength and weaknesses of Malta's experience in managing restructuring and meeting these aims.







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- Which were the most efficient policies and measures adopted by Government in order to avoid lay offs and leave the companies in a stronger financial situation?
- What is government doing in order to retrain and upskill employees in view of current and future needs?
- How did unions operate in the current economic and financial crisis?
   Did they have to take a different approach during collective bargaining? What worked?
- In the opinion of employers, which were the most effective short term measures in tackling the current recession? How do employers feel about the restructuring process?
- Was Malta successful in managing restructuring over the years but especially in the current economic crisis?



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1. We know that government took various initiatives to enable Malta to cope with restructuring. What is government doing in order to retrain and upskill employees in view of current and future needs?







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2. How did your union operate in the current economic and financial crisis? Did it take a different approach during collective bargaining? What worked?





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3- In the opinion of employers, which were the most effective short term measures in tackling the current recession? How do employers feel about the restructuring process?





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### **Brainstorming Session**

- 1. Lessons to be learnt: which are the most important lessons regarding restructuring in your country?
- 2. What can be considered good practice? And what are the preconditions for transferability to other EU countries?

