

ANTICIPATING and MANAGING RESTRUCTURING: 27 NATIONAL SEMINARS

VC/0667/08

NATIONAL SEMINAR'S MINUTES

SPAIN

Introduction

These minutes are intended to provide a summary of the proceedings and results of the National Seminar on Restructuring for Spain which took place in Madrid on 27th – 28th May 2010. The purpose of these minutes is to highlight the key findings and the main debates during the two days seminar on anticipating and managing restructuring. These minutes are supporting documentation, which should be read in conjunction with the final published version of the Spanish National Background Paper, whose author is Ricardo Rodriguez:

1. Background

Under a service contract issued by the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission, the International Training Centre of the International Labour Organization (ITCILO) is organizing a series of national seminars on restructuring in each of the 27 member states of the European Union.

The National Seminar for Spain was the 26 seminar in this series and aimed to present and discuss the most important measures and tools used for anticipating and managing restructuring in Spain, particularly their effectiveness and potential transferability.

A National Background Paper (NBP) on Restructuring was written for the seminar by an independent national expert, Ricardo Rodriguez.

This NBP was prepared for the purposes of identifying and describing the existing measures and tools for restructuring at the national and regional levels in Spain, as well as highlighting interesting company practices and case studies.

The NBP was presented at the seminar as a draft report and discussed by a high level, tripartite group of participants from government, workers and employers' organizations plus researchers, academics and enterprise managers.

After the seminar the NBP was finalised ready for publication on the ARENAS website (<http://arenas.itcilo.org>).

The seminar was conducted in Spanish with simultaneous interpretation into English.

2. Participants

Participation at the Spanish National Seminar on Restructuring was by invitation.

The ITCILO, after consulting with the European Commission, the national expert and other interested parties, sent invitations to a list of representatives from the government (national and regional), the national employers' organization and the national trade unions, as well as academic researchers on restructuring practices in Spain.

Representatives from business associations covering specific sectors were also invited, along with managers of enterprises that had been chosen as case studies for discussion at the seminar.

The selection of the invited participants took into consideration the need for ensuring a high level of representation, including knowledgeable and appropriate representatives from government and the social partners.

The Dublin-based European Foundation for the Improvement of Living and Working Conditions (Eurofound) was invited to send an observer. An official from the DG Employment, Social Affairs and Equal Opportunities of the European Commission also took part in the seminar.

No. 39 participants (see final list of participants attached) attended the seminar coming from the following Organizations/Institutions:

- Government (**no.7**);
- Trade Unions (**no.20**);
- Employers' Organizations (**no.4**);
- Enterprises (**no.4**);
- Research Institutes: . (**no. 4**

Representatives from the DG EMPL(**no 1** .), .Eurofound (**no. 1**), have joined the seminar.

3. Activities carried out

The National Seminar has developed contents and methods according to the model design of the Agenda .

The first part of the seminars was focused on:

1. the presentation of the EU main policies and programmes on restructuring,
2. the introduction of the overall aims of the project and the objectives of the National seminar.

3.1 Results of NBP presentation

After the opening session, the key finding issues coming from the NBP were presented by the National expert.

In particular, the presentation has highlighted the main characteristics of the Spanish economy and labour market, with a focus on the effects of the current crisis.

There are many industries in 1980's -90's that were restructured.

Labour market changed with the introduction of the determinate work contract. Part time was also introduced but with some limits. Till 2008 there was an on going economic expansion and growth. The main problem was the increased number of temporary workers. During the crisis, this problem is becoming more evident, due to the impact of termination inevitable of temporary contract. Debate is more focused on large scale company restructuring instead of putting attention on individual cases and needs.

The system of Social responsible restructuring is quite weak in Spain. There is the issue of "silent restructuring"

IR system, strategies from actors, public policies towards management of restructuring, are influenced by the economic situation affected by crisis or changes.

From the actors involved, there is a strong decentralization. There are many examples of effective social dialogue processes. There is a lack of structured mediator system. There are some examples of Anticipation (Agfa, Azucarera..). It is necessary to introduce the concept of public intervention for putting in place tools for anticipating and preventive practices.

Key characteristic of the current system are the following: Industrial observatories, sectoral surveys, recognition of informal work, public and private intervention, education and training. It

is necessary to improve educational and training systems as well as the sectorial studies. There are some key questions: lack of tools for reacting to changes, to implement Social plans, there are few tools in Spain for responding to changes. There is also the need to improve collective bargaining for soften negative effects of restructuring.

Anticipation notion is not well known in Spain at political and technical level.
Continuous education is a key factor for anticipating changes.

During the second day was briefly described the managing restructuring process (phase, procedures, role of social partners, including main challenges) and the State intervention in mediation and supporting restructuring processes. Restructuring process can be different on the basis of size of companies.

Other variables related to employment issues can affect restructuring in Spain .Role of some Public regional authorities was very important (ex. In the case of General Motors restructuring). Amongst existing measures, ERE is an effective legal tool. There are some difficulties and limit in the case of social plans: these plans are sometimes ineffective during the implementation. Income protection plan, early retirement measure put in evidence the burden for the social costs. Public employment service provide training service for helping people in the transition to another jobs. There is the need :

- to better prepare and manage restructuring process on the basis of transparency, trust, involvement of all stakeholders,
- global vision
- protocol for governance of restructuring processes
- implications and effects for parties involved and interested,
- collective bargaining and work organization
- territories with a vision and strategies for the future
- good level of management capacity
- good balance between the need to ensure workers protection and productivity
- dimension of health impact of restructuring (so far it is quite absent in Spain)

without a specific focus only on the economic implications.

New perspective: socialization of redundancies.

All the presentations delivered by the National Expert and testimonials from companies can be downloaded from the website of the project in the Country section – Spain www.itcilo/arenas/org

3.2 Debate

According to the need of stimulating the discussion among the participants on the effectiveness and utility of the existing measures/tools a mix of approaches and methods was applied. In particular ,the participatory sessions were structured into 4 main consequent steps:

- a) debate on specific topics,
- b) open discussion,
- c) brainstorming session
- d) group work sessions (no. 2)
- e) assessment of effectiveness and transferability of the referred measures and tools .

3.2.1. Round table session (first day)

The first debate was facilitated during the Round Table session with the aim to discuss more in depth the following issue : TO WHAT EXTENT EXISTING MEASURES AND TOOLS ARE SUFFICIENT AND USEFUL TO ANTICIPATE RESTRUCTURING IN THE CURRENT ECONOMIC CRISIS ?

The panel discussion was organized in a first debate around 5 key questions outlined by ITC-ILO and proposed by the moderator: The debate was subsequently followed by the active participation of all the attendants to the discussion on the effectiveness of the existing measures for anticipating restructuring.

The main results of this first panel discussion run on the basis the opinions expressed by the speakers on the following key questions, are summarized below:

- Experience of Business Centres is limited comparing to the EU system.
 - Social dialogue needs to be strengthened.
 - Anticipating restructuring requests to improve level of skills and competencies for employability of workers.
 - Visibility and effectiveness are the key questions.
 - Business culture is essential to improve competitiveness and labour relations.
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- **Continuous Vocational Training system might be a means for adapting skills and competencies and maintaining employability in the labour market: what are the main strengths and weaknesses of this measure,**

It is essential for boosting competitiveness and labour relations. Social partners during the collective agreements are used to include the relevance of Vocational training measure. The benefits are evident for employers and workers. Access to training is important for people that need it. The weak point is the real difficult for people with high competencies to find out possibilities . Time for training is not often proper to respond to the real needs. The Tripartite foundation stresses on the need to focus on the relevance of continuous training mainly for

improve employability and to be better prepared for changes in the future. . In Spain there is not a consolidated culture on Anticipation.

It is important to know what is happening in Europe and outside EU.

During transition period it is important to enhance the role of training to be offered to workers. For temporary workers the training is essential but it is often focused on the reaction approach instead of looking beyond a crisis for preparing for the future. It is important to provide workers with the added value from training.

The system now is offering training that it is not always related to the outcomes of sectoral studies and forecasting measures.. Social dialogue is a mechanism for improving conditions and measures. Labour relations need to be boosted in this area.. National plans are not reaching SMEs needs.

- **Industrial relations and social dialogue can be an instrument for anticipating change?**

These mechanisms are effective and they can be useful for helping to anticipate changes. Social Dialogue plays an important role for anticipating in a reactive way. The problem is the level of participation of workers in Spain. Legal framework can be a problem, as well as the level of participation of Trade unions in SMEs'. It is important to facilitate the interrelation between collective agreement and needs related to anticipation.

The current situation reveals that there is the need to have a more involvement of Government . Forecasting studies are very useful when there are the decisions mechanism proceeds for implementing the results.. It is also useful to adapt companies capacity to anticipate and better prepare for changing.

- **Services for facilitating labour market transition**

The services offered are efficient but there is the need to ensure an adequate coordination amongst the different services provided. There is the need to improve services for transition to another job. Training it is vital as a catalyst for new job opportunities.

Experimental services implementing training and job counseling are very useful and sometimes they are outsourced to NGOs'.

Sometimes for low qualified workforce there is not any professional career plan. The intermediation for providing guidance services can be a solution. It is controversial if PES can anticipate changes.

- **Training Funds**

It is necessary to refer to many aspects. Regional policies (for example on renewable energy), strategies put in place at a territorial level (for example Navarre region in energy efficiency). Demand for labour is the outcome of the implementation of regulation. It is necessary to analyze the existing tools and look at the potential improvement. Regulation doesn't create

jobs, only the economy. It is necessary a business change plan for which it is necessary to deliver adequate training.

The weakness is that these activities are concentrated only in particular regional areas. Social plans need to be put in place in many regions.

There is the need to promote a culture on evaluation of the results.

- **Recognition of Competency acquired by experience in the workplace.**

There is not a systematic assessment on the impact of the training. There is an unbalanced system of qualifications. Social dialogue can also support a more efficient system.

The current programme are addressing mainly unemployed people instead focusing on a wide range of workers. It is important to identify skills gaps. It is important to have a public and private partnership in this field.

It is necessary a more involvement of Regions. These measures are not so popular.

Summary of the round table on: To what extent the existing instruments and measures are useful for anticipating restructuring in the context of the current economic crisis?

Chair: Santos M. Ruesga

Professor of Applied Economics, Autonomous University of Madrid

The debate took place around five questions previously submitted to the participants by the organisation.

The first topic was the Time-Life Vocational Training, an interesting experience in the field of social dialogue, questioning the participants on the strengths and weaknesses of this policy?

It is generally understood that Time-Life Vocational Training is a cornerstone for labour market progress and it must have an exceptional place in the area of political bargaining.

In the case of Spain, one of the fundamental strengths refers to a regulation through a tripartite agreement between the social agents that establishes an identical distribution of funds among employers and employees. Multi-sectoral training is understood, therefore, as a key element to diminish the increase in unemployment.

The aspects to be taken into account when designing and managing projects of Time-Life Vocational Training are: on the one hand, the need to reinforce the access to these training mechanisms for groups in greater difficulties to the labour market access and, on the other hand, the need to guide the development of training programmes to enhance skills within the framework of the national systems of qualifications.

The main weaknesses steadily distinguished by speakers are the difficulties of take this programmes to the Small and Medium Enterprises (SME). Firstly, the very nature of these firms means that employers or managers are not aware of the training offer within different areas of government. But workers in these firms may also ignore their time rights in the area of training.

Secondly, it is alleged that the current administrative management training through the Fundación Tripartita (Tripartite Foundation), with the excessive bureaucratization of the process for plan design, greatly limits their scope as its implementation is intensified around the mid year because the early months are used in programming while the late part of the year is focused on inspection.

Some voices suggest that, while the vocational training system has not the property or capacity of immediate job creation, it is the key element to enhance the employability of workers - both employees and unemployed people. It is also emphasized that vocational training is the oil for job creation. Social dialogue is highlighted as one of the best instruments for efficiency gains in the implementation of such programmes. However, present training plans lack a suitable perspective to anticipate restructuring processes and a capacity to envision environments other than Europe. This undoubtedly means an important bottleneck in capturing the future qualifications demands requested by the labour market in a context of increasing economic globalization.

It is also reiterated that vocational training plans have little ability to anticipate the future, are developed without a vision to anticipate those restructuring processes inexorably taking place in firms and sectors of our productive model. Otherwise, we could interpret that these programmes are being implemented in a reactive mode – they are not thinking about a future with increased qualification demands, about the development of firms with increased functional mobility or about labour transitions (flexibility) through the design of individual roadmaps by relevant agencies. It is highlighted how these plans do not address the need to incorporate functional versatility as an essential in the design of vocational training programmes with a clear cleavage in our labour market.

Finally, some panellists emphasized that current evaluations of training programmes are limited in number and quality. This may develop into important mismatches between the reality (internal and external) labour market needs and the training provided whose effects are unknown.

Regarding the second question raised in the debate about the operation of industrial relations and the social dialogue as a tool to anticipate productive changes, it is highlighted the need to distinguish between the impact of industrial relations in general and social dialogue in particular. Accordingly, the importance of including internal flexibility as one of the result of the social dialogue is emphasized.

It is also highlighted the significance of the dual representation system – works councils and trade unions' direct participation – when compared to the regulation of some other European countries. Labour bargaining in SME are, however, limited, which erodes the implementation of social dialogue agreements in these firms

Finally, from a business perspective it would be necessary to emphasize the bipartite agreements between social partners without the participation of the government. This raises the question of the elimination of the administrative supervision in the sphere of industrial relations.

Additionally, it is also pointed out how the social dialogue can help to overcome the current crisis through a pact of state in the industrial relations area. In the workers' representative view, the business preference on administrative supervision would require the enlargement of union protection to different areas of industrial relations, such as the need for an arbitration scheme that would avoid administrative supervision in restructuring processes, although agreements with workers are the most suitable proceeding in this case.

Thirdly, the debate has taken a look on the initiatives developed by the public employment services to facilitate the transition to the labor market, such as personal advice, vocational guidance and training, wondering about which programmes are the most active and why.

The first conclusion is that these measures cannot be disaggregated to identify the most efficient ones as, in practice, they are a continuum or a chain of actions aimed at the integration or reintegration of the unemployed into the labour market. Therefore, the success would be the implementation of different action in a coordinated way so that the individual pending reintegration into the labour market gets the goal of returning to work. One of the problems in this regard is that most plans are designed for qualified workers and in Spain there are a high volume of low-skilled workers.

In relation to the public employment service model required to provide better functions to make the labour market more efficient, the panellists stated that they are completely tainted by the management of labour market passive policies that obstruct active policies' administration. There is evidence that public employment services are not used to managing careers.

On the specific dynamics of restructuring management, it will be interesting to connect with social plans and career orientation, accompanying this process the training for the workers in labour transition. Under this line of action, on-the-job skills learnt by the worker rather than formal education are to be taken into account when planning the best option to enhance qualification levels to a better labour market insertion.

One of the most important limitations affecting public employment services is the small number of counsellors - around one counsellor per 1,000 individuals. This makes very difficult the tasks of career plans and follow-up until the final insertion of the individual into the labour market. Some panellists also commented the modest specific training for professional counsellors because they, and the services they provided, have joined the public employment services in recent years.

Within this perspective, it was pointed out that private firms dealing with labour insertion are moving in a non-legal sphere since there is no specific regulation for them - but they are not specifically banned. The need to promote better public-private cooperation in the labour matching area, or in aspects such as the monitoring plans for vocational training to unemployed people, was stressed.

The round table agreed on the idea of creating specialized units to deal with firms in restructuring processes as a way to improve the efficiency of the public employment services.

To expedite the discussion it was proposed a joint debate on the last two questions, dealing with strengths and weaknesses of sectoral support schemes, including specific local actions, and with the evaluation of the effectiveness in recognition of on-the-job acquired skills and non-formal learning, a recent addition to the tools of training plans. On the former, these programmes were identified as a strength due to a better adaptation to local environments (in relation to general or state programmes) to influence the future of the territorial or sectoral areas and his capability to anticipate changes. In short, the proximity of the territory may allow a better fit for restructuring processes. By acting in specific sectors or territories, the goal of obtaining a better coordination among the implemented active labour market policies, such as specialised training and industrial policies, is more easily achieved. It was also pointed out that job creation or destruction is the result of production dynamics rather than on the labour regulation environment, having important consequences in the area of labour planning.

As for the weaknesses of this type of sector support programs in specific territories, it was stated that they can provide a partial view of employment issues, particularly in the sector approach, since it is limited or confusing to develop specific training policies. It would be better to focus on adopting a business-based or activity-based point perspective rather than sectoral or territorial ones. Another weakness of these plans is that they are reactive and non-anticipatory of firm or sectoral restructuring processes.

On the other hand, the panellists pointed out that the instruments for anticipating restructuring processes should be different, more specific, depending on the type of restructuring, but establishing coordination mechanisms among the instruments within the same territory.

Finally, the importance of fostering a culture of efficiency assessment for such instruments is absolutely essential for anticipating the future in the action design rather than developing the usual reactive non-anticipatory method.

On the above mentioned last question in the discussion, there is a growing interest in this kind of actions, such as recognition of skills acquired through experience or on-the-job informal learning. They may facilitate the reincorporation of workers with low degrees of formal training. It is considered essential to involved Autonomous Communities in these areas to be more successful.

In summary, recognition of professional skills promotes workers' self-empowerment and it would be the ideal complement to the incentive mix to be successful in vocational training participation. This would facilitate workers' occupational mobility and social cohesion.

The round table understood that these instruments are extremely interesting and indispensable, but in the Spanish reality its implementation has developed too slowly for the workers' skill needs in transition processes (inter-firm mobility). Given this slow pace and efficiency in their implementation, it is difficult to assess at the moment its effectiveness as a mechanism of active labor market policy.

3.2.2 Brainstorming session:

“Anticipating Restructuring should allow tackling in time industrial change and to prevent or mitigate the social costs.

How do you assess the experience in your Country: what are the main strengths and weakness?”

Strong points	• Weak points
<ul style="list-style-type: none"> • <i>Tradition of social dialogue consolidated</i> • <i>Responsible behaviour of the social stakeholders (trade unions and employers) in the negotiation process.</i> • <i>Previous experience in restructuring in Spain as consequence of previous economic crises.</i> • <i>Adaptability of labour force.</i> • <i>Existence of sectorial mechanisms of anticipation such as Industrial Observatories.</i> • <i>Efficient labour market intermediation system.</i> • <i>Effective ongoing vocational training.</i> • <i>The need to change stimulates innovation.</i> 	<ul style="list-style-type: none"> • <i>In Spain, anticipation is insufficient or it does not exist.</i> • <i>There are not preventive policies because there is only a “culture of immediacy”</i> • <i>Anticipation is very difficult with SMEs, because SMEs do not have effective tools and opt for dismissal as easy and cheap mechanism.</i> • <i>Social Dialogue exists but workers are only involved in later stages of the process.</i> • <i>Social Dialogue is not used by SMEs.</i> • <i>Ineffective vocational training system (lack of functional polyvalence).</i> • <i>Enterprise network is weak and unproductive.</i> • <i>Excessive dependence on Public Administration.</i> • <i>Lack of political willingness in Public Administration at all levels (central and regional).</i> • <i>Lack of forecasting tools</i> • <i>Absence of considerations beyond job issues for example health and workload for the “surviving workers”.</i>

3.2.3 GROUP WORK Session. (first day)

The objective of the Group work session was to obtain information on the selected measures and tools described briefly in the National Background paper, in order to reach a common understanding and consensus on their efficient and positive effect for anticipating or managing restructuring and mitigating the social impact.

For reaching this objective, a number of selected **case studies** was briefly introduced as an example of experimented measures and tools –also at company level –

The participants were divided into small groups. Materials and information concerning the case studies selected (fact sheets, PPT presentation, testimonials from companies) summing up the basic data available on the experience presented were illustrated, as well as the instructions for managing the discussion within the Group.

The specific questions were proposed to each Group in order to better understanding the objective of the discussion and to define the context of the analysis to be carried out:

The results of this session are summarized in the following table:

Case study	Success factors	Main problems	Key conditions for transferability
<p>General Motors.</p>	<ul style="list-style-type: none"> ▪ <i>Attractive features: experiences ready : multiple restructuring.</i> ▪ <i>Located in Aragon a particular industrial area with substantial impact.</i> ▪ <i>Represent of a positive example of CSR and effective social dialogue.</i> ▪ <i>Negotiation is run by very high skilled representatives.</i> ▪ <i>Long term vision approach.</i> ▪ <i>Setting up of fiduciary corporation to manage EU GM companies.</i> ▪ <i>Magna industrial plan s the unique candidate</i> ▪ <i>3 main stakeholders involved.</i> ▪ <i>Works Council majority</i> ▪ <i>Preserving jobs</i> ▪ <i>Contract rotation staff</i> 	<ul style="list-style-type: none"> ▪ <i>It is difficult to forecast sales and products.</i> ▪ <i>Temporary reduction staff plan for 600 workers.</i> ▪ <i>Decisions taken externally.</i> ▪ <i>Legislative changes</i> 	<p><i>Commitment of the institutions involved</i></p> <p><i>European Committee to take decisions.</i></p>

	<p><i>reduction plan with future engagement plans.</i></p> <ul style="list-style-type: none"> ▪ <i>Collective agreement signed by 66% workers.</i> ▪ <i>Each local area has developed a own social plan.</i> 		
<p>Industrial Observatories</p>	<ul style="list-style-type: none"> • <i>Set up of Industrial observatories.</i> • <i>10 multinationals involved in Spain, 80 plants, 5th market in EU.</i> • <i>No push back early retirement age.</i> • <i>Pooling of knowledge amongst the Observatories.</i> • <i>Commissione Obreras and Government use the results of the studies carried out by Observatories.</i> • <i>Potential redefinition of traditional sectors.</i> • <i>Social dialogue e collective bargaining are the key factors of the Observatory approach.</i> • <i>Positive assessment from each stakeholders.</i> • <i>There are cross cutting issues for all Observatories.</i> 	<ul style="list-style-type: none"> • <i>Reduced investments mean reduction of production.</i> • <i>No authority to negotiate on behalf our companies.</i> • <i>Lac k of coordination and application of contents developed by Observatories.</i> • <i>Lack of involvement of Regional and relevant authorities.</i> • <i>Lack of dissemination and information about this experience.</i> 	<ul style="list-style-type: none"> • <i>High transferability</i> • <i>Castilla y Leon and Galicia Region have their own observatories</i> • <i>Example - CAR Innovation Project Opportunity ICARO that aims to develop innovative strategies to advance at the regional level to cope with economic change and restructuring in the automotive sector.</i>

3.2.4 Second day Round Table session.

The second day the Round Table session aimed to discuss more in depth the following issue: MANAGING RESTRUCTURING IN SPAIN: LESSONS LEARNT FROM THE PAST EXPERIENCE AND FUTURE PERSPECTIVES

The panel discussion was organized in a first debate around four key questions proposed by the moderator and subsequently followed by the active participation of all the attendants. The main results of this first debate are summarized as follows:

- **Employment Regulation Report (ERE)**

Reduction of workforce is a procedure for the termination of a contract, suspension of the contract, reduction of working time.

The experience of the DG in the Ministry of labour is to foster the dialogue between the parties. More than 80% of reductions of workforce are due to the current recession. Legal aspects of the termination of contract is taken under evaluation by the Ministry.

Improvement can be made on the law and there is an amendment for projection of employment.

Reduction of workforce is considered related to the reform of the labour market legislation.

This procedure is not applied by small companies. 2008 law on temporary redundancies and short working time can support workers during the crisis. The unemployment rate in Spain is the highest in EU:

There is the need to work in partnership for identifying proper solutions for SMEs'. These solutions need to be supported by public incentives. Alternative job and employment is one of the main services to be put in place.

Temporary redundancy plan can be supported by other complementary measures.

This measure is considered good and a preventive measure for introducing some flexibility but some changes of the legal framework are necessary. In particular, social plans have very short term views. Most of workers have a low level of qualifications and social plans should address the need to re skilling these people.

At regional level Catalonia is the first experience on devolution of this law and some local offices in La Mancha have been set up for providing services direct to workers.

Social dimension is another factor to be taken into consideration.

- **Severance payments incentives to voluntary dismissals**

There are compensation measures. There are additional tools for examples mobility, and outplacement measure.

Feasibility plans for some of these measures take time. About partial retirement and rotation contract sometimes it is preferable for a worker to receive a rotation contract instead of an unemployment benefit.

Due to lack of training and mobility there is not flexibility in the labour market and the impression is to go back instead of go ahead.

Access to funds is a limit that can not allow to implement social plans and accompanying measures during the transition towards an other job.

Placement agencies need to be put in place for supporting people to find out a new opportunity. The costs are quite limited comparing to other measures. Companies should be more pro active and adopt a social responsible approach to restructuring.

- **In the current economic and financial crisis to what extent the role of collective bargaining change?**

There is a recent agreement to 2012 for reinforcing the role of collective agreement for defining working conditions and employment issues.

Lifelong learning is one of the issues developed in collective agreement. Possible alternatives: reclassification, training, diversification of employment contract, regional involvement are some of the key issues of collective agreements.

Period for consultation, type of consultation, level of representation of workers are other important issues to be further discussed.

In February 2010 social partners have apposed the agreements regarding the relevance to anticipate restructuring.

Art 85 of labour code is compulsory but some collective agreements are not following this provision.

- **Outplacement measure**

Collective group of companies is an external factor that can influence outplacement process. The reality seems that the outplacement is not used very often due to many reasons. Reluctance, geographical mobility, need for private investments.

Role of placement agencies is essential for accompanying this process but sometimes companies are not fully involving them.

It is necessary to have a regulatory framework referring to EU practices on specific services that Agencies can provide to workers and companies. .

There is the need of specialization because people need to develop their professional career.

Finally, it is necessary to introduce some assessment tools for evaluation the effectiveness of outplacement measure.

During the debate opened to all the participants the following Strengths and Weaknesses have been raised with regard to the main topics discussed during the second panel discussion:

Round table no. 2

Strong points	• Weak points
<ul style="list-style-type: none">• Temporary redundancy plan is considered good and a preventive measure for introducing some flexibility but some changes of the legal framework are necessary• Temporary redundancy devolution of the law : some good experiences, for example in La Mancha.• Role of collective agreement reinforced by recent agreement to 2012	<ul style="list-style-type: none">•Improvement can be made on the law concerning reduction of workforce•Procedure on reduction of workforce is not applied by small companies•Need to work in partnership for identifying proper solutions for SMEs’.•Social plans have very short term views.•Reduction workforce: there is a lack of agility•No flexibility in the labour market.•Social plans: limitation of access to fund available for accompanying measure.•Outplacement is not used very often due to many reasons: reluctance, geographical mobility and need for private investments.•Need to introduce assessment tool for evaluating impact of outplacement measures.

SUMMARY OF THE SECOND ROUND TABLE

The debate during the second Round table has highlighted the following three key aspects:

Innovative use of early retirement schemes as established by law

In Spain, there are two innovative forms of early retirement. One is partial early retirement. The other is the practice of granting early retirement on state benefits linked to the recruitment of a younger worker to replace the retiree. Please see the NBP for more details.

Temporary workers

Many jobs lost in Spain during the current economic crisis are those of temporary workers whose contracts are not renewed. Spain has a two tier labour market with workers on permanent contracts enjoying a high level of protection and rights to severance pay upon dismissal, and temporary workers with few rights.

Collective dismissals

Spain has a highly regulated system for collective dismissals of permanent workers. This system includes approval by a judge of a proposal to go ahead with collective dismissals and changes to permanent contracts. The system works best when employers and trade unions negotiate and reach an agreement, which is then endorsed by the judge. Please see the NBP for more details.

3.2.5 GROUP WORK session (second day)

During the second day two case studies were analysed. Their results of the Group work session are the following:

Case study	Success factors	Main problems	Key conditions for the success/ transferability
ALTADIS	<ul style="list-style-type: none"> •Trade Unions strong and reliable •Good collective bargaining, tradition in good communication. •Innovation and creativity in the negotiation. •Economical and patrimonial resources . •Anticipation •Good knowledge of the environment and reality. •Flexibility •Technological innovation 	<ul style="list-style-type: none"> •Lost of human capital •No growth possibilities for the company •Changes of smoking normative and consume tendency. •Dependence on external decisions 	<ul style="list-style-type: none"> •Existence of : Communication between the parties. Patrimony resource Strategy: design of the future Innovation capacity •Need of support from Public Administration
ERCROS	<ul style="list-style-type: none"> •Good experience in mobility: geographical and functional mobility. •Good management capacity •Labour relations effective. • During reduction workforce conditions in the company were favourable. •Approach very close to identifying investments. •New technologies included. •Approach to mitigate negative effects. •Integrated approach to restructuring. •In sourcing jobs in order to avoid termination of contract. •Internal mobility, severance pay (not widely activated) partial retirement and early 	<ul style="list-style-type: none"> • Grave economic situation of the company. •Drastic reductions of jobs 	<ul style="list-style-type: none"> • Existence of culture of negotiation •Geographical and functional mobility agreed. •Demographical composition of the staff.

	<i>retirement. 3 mechanisms for early retirement used: for 50 workers; pre retirement and rotation contract.</i>		
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3.3 Brainstorming session: lesson learnt and good practice

At the end of the seminar the last brainstorming session was focused on the identification of at least one Good practice and one lesson learnt among the measures/tools and case studies discussed during the seminar. The aim of this session was to bring together additional information and to compare the results of the last session with the main conclusions came out after the debate during the round table session.

The results included in the following boxes reveals that the comments and questions raised during the debate are confirmed by the final brainstorming exercise. In fact, effective Social Dialogue is considered a key factor for successful restructuring, as well as collective agreement, while the need to set up an efficient system for anticipating restructuring it is considered a priority. .

Good Practice

- **A good practice is the case of Tabacalera (ALTADIS) which thanks to resources available (Patrimony) was able to negotiate with the Public Administration to satisfy workers' demands.**
- **The negotiation processes, it is always better to reach an agreement than finish the process without a common position.**
- **Negotiation has been very productive in some large scale enterprises in solving the problems of restructuring with minimal social cost.**
- **However, the good practices presented in the Seminar involved large scale enterprises whereas most of businesses in our country are SME.**
- **In these cases the restructuring process tends to be undertaken by way of dismissal without the negotiation process, with no economic support to finance other possible measures.**
- **It is very positive to look beyond the day to day problems. In this way it is possible to foresee and react better.**
- **Assess the impact of restructuring including the health dimension of both those made redundant and the surviving workers.**

- **The experience of General Motors Figueruelas**
- **All the initiatives carried out to improve social conditions of workers (both employees and those who have lost their jobs) and to avoid or limit the negative effects of traumatic decisions (partial or total closure of an enterprise) could be considered good practices.**
- **Prepare and manage the restructuring: anticipating dynamic change, justifying the necessity to restructure, engage in open dialogue, generating trust, involving all parties and looking for a solution that favours internal flexibility with dismissal as a last resort. (General Motors ERCROS y ALTADIS are good examples of this strategy)**
- **Negotiation has been very productive in some large scale enterprises in solving the problems of restructuring with minimal social cost. However, the good practices presented in the Seminar involved large scale enterprises whereas most of businesses in our country are SME. In these cases the restructuring process tends to be undertaken by way of dismissal without the negotiation process, with no economic support to finance other possible measures.**

Lessons Learnt

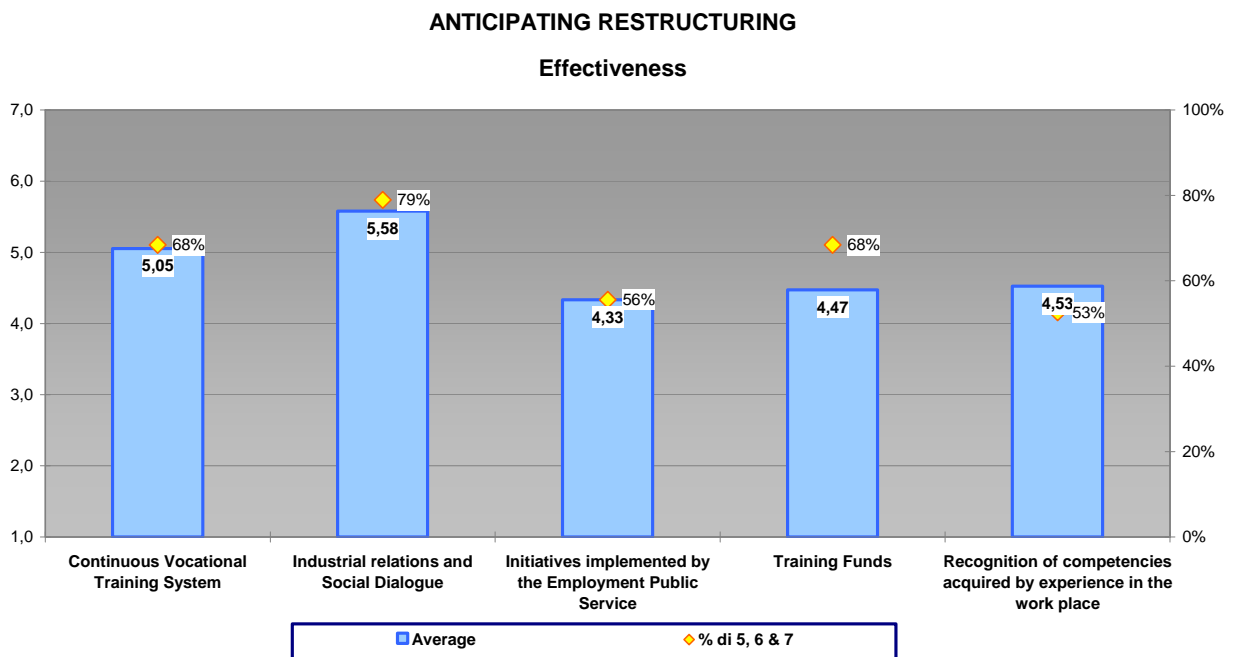
- **The possibility to activate mechanisms by Public Administration should be maximised to achieve the best solution for those affected by a restructuring procedure. Understanding and flexibility between opposing parties are fundamental principles.**
- **Exploit negotiation to the maximum within the enterprise, involving both unions and employer, since those inside the enterprise have the greatest knowledge of the situation and the best abilities to find solutions.**
- **Social dialogue is essential in any restructuring process. Representatives of unions and enterprises must be capable, and with decision making power, in-depth knowledge of the situation is also necessary and both parties must be aware that efforts have to be made to ensure the survival of the enterprise itself and as many employees as possible.**
- **Large scale highly profitable enterprises encounter no problems in restructuring. The problem occurs in SMEs, which are more numerous.**
- **The losers in the restructuring process are not only those made redundant but also the “survivors” whose positions become more insecure and with greater pressure.**
- **The value of a good climate for dialogue, the importance of transparency in industrial relations.**

- **Outplacement, retraining of affected workers and the involvement of local institutions to promote new enterprises should be increased.**
- **A lesson learnt is that it is neither possible nor advisable to undertake a restructuring initiative without the consensus of all stakeholders affected by the process.**

3.4 Evaluation session on effectiveness and transferability of measures/tools for Anticipating – Managing Restructuring

The aim of this exercise was to identify the priority themes according to the effectiveness and transferability criteria concerning the measures and tools discussed during the seminar.

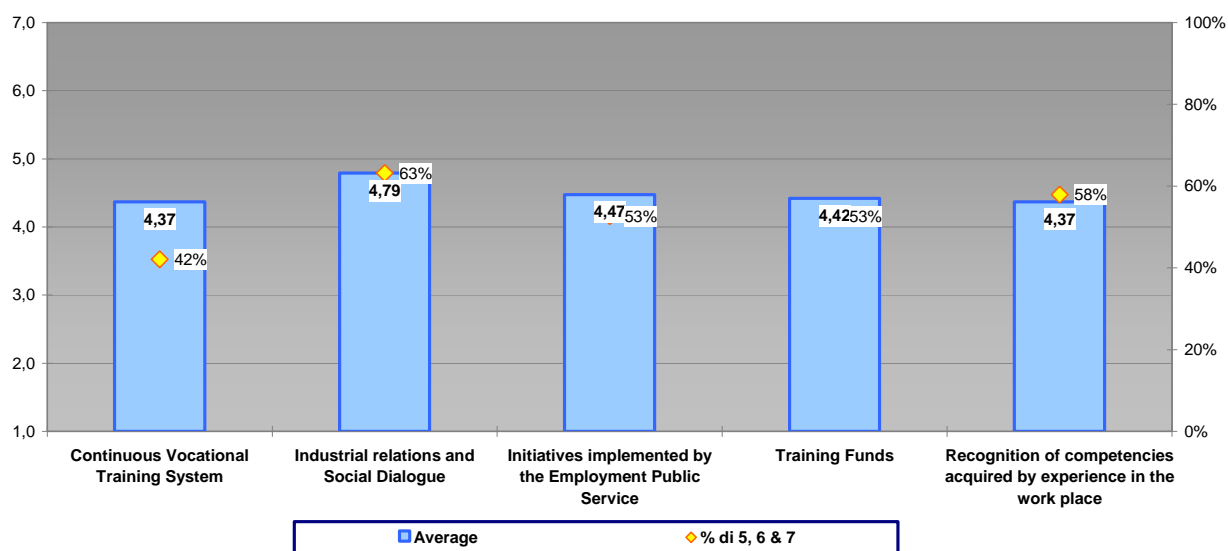
The graphs¹ show that among the Anticipation measures/tools the most effective one is “Industrial Relations and Social Dialogue.”, and this is also considered the tool with the highest level of transferability.



¹ The graph quotes the scores related to the media average (blue colour) of each measure assessed and the placement of each measure expressed in percentage with reference to higher (5,6,7) points (yellow colour).

ANTICIPATING RESTRUCTURING

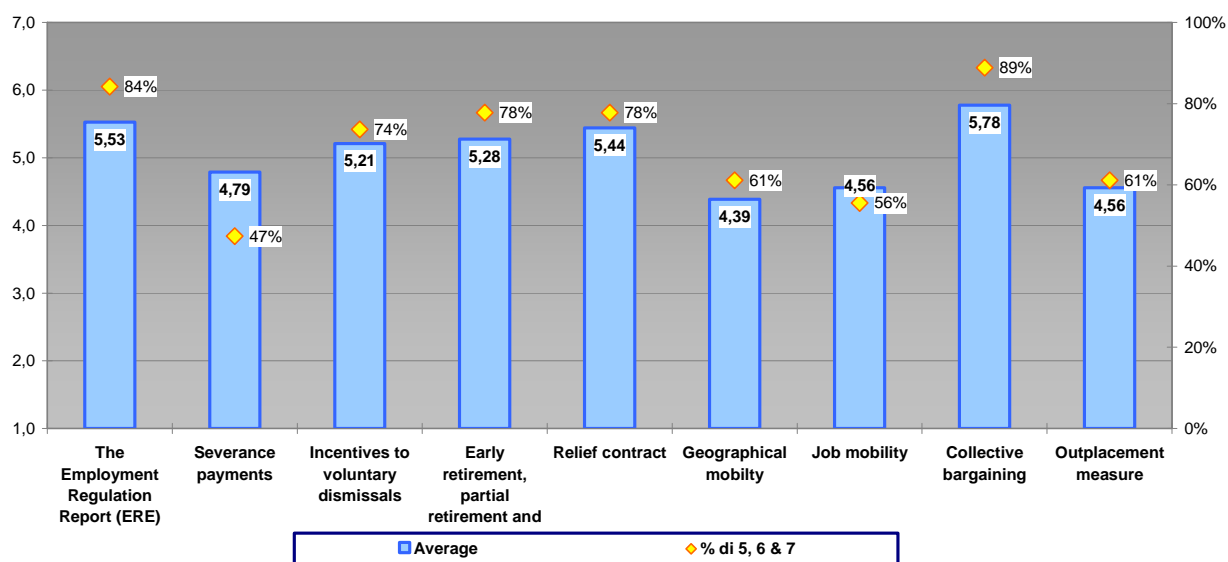
Transferability



Regarding Managing of restructuring the graphs show that the most effective measure is the "Collective bargaining" while "Relief contracts" is considered the tool with an highest level of transferability.

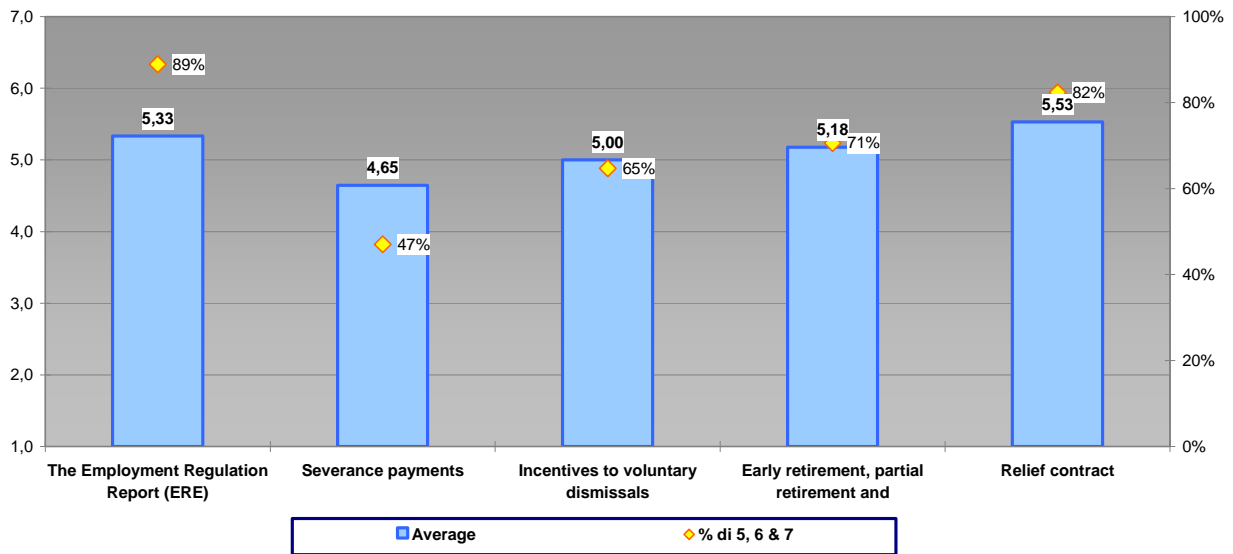
MANAGING RESTRUCTURING

Effectiveness



MANAGING RESTRUCTURING

Transferability



This exercise has allowed to highlight the main conclusions of the debate with an high level of homogeneity in the main opinions and comments expressed by the participants

4. Conclusions of the debate

The two-day seminar has highlighted in principle that the Spain system is mainly focused on management of restructuring processes rather than on the Anticipation to change with a specific emphasis on the Employment Regulation Reports (ERE) measure.

It is possible to sum up the current system as follows:

- ❑ The restructuring of undertakings and sectors is a phenomenon which is affecting Spain in just the same way as it is affecting the rest of the European Member States.
- ❑ Other variables related to employment issues can affect restructuring in Spain, i.e. the role of some Public regional authorities are very important in different levels because of the regional labour authorities have the power to approve the ERE taking place in plants located in its territory (e.g. in the case of General Motors restructuring and because they are usually committed to look for alternatives and solutions to the conflicts trying to avoid the closure of the factories or the dismissal of workers.
- ❑ Large-scale re qualification processes need to take care of the way they are perceived, as well as of psychological/traumatic impact. Sometimes, workers complain about the unsuitability (in terms of *life* and *work*) of the training received.
- ❑ For temporary workers the training is essential but it is often focused on the reaction approach instead of looking beyond a crisis for preparing for the future. The system now is offering training that it is not always related to the outcomes of sectoral studies and forecasting measures. Social dialogue is a mechanism for improving conditions and measures. industrial relations need to be boosted in this area. National plans are not reaching SMEs needs.
- ❑ Forecasting studies are very useful when there is the decisions mechanism process for implementing the results. It is also useful to adapt companies' capacity to anticipate and better prepare for changing.

- ❑ In-depth analysis of the causes, processes and effects of restructuring, as the subject of industrial and social study, is not common, and does not figure on the agenda of academic research.
- ❑ The silent restructuring of small enterprises, which largely predominate in the Spanish productive structure, has gone largely unnoticed, with little attention paid to its nature, origin, scope or consequences.
- ❑ The debate on restructuring in Spain, whenever it has existed in depth, has focused on legal-labour aspects and on the tools needed to diminish its social costs.
- ❑ Limited resources are available when dealing with the individual cases of business restructuring, the termination of contracts or provisional work re-organisation – the suspension of contracts or reductions in working hours – through the Employment Regulation Reports (ERE) in which social plans are hardly effective, together with systems that rely on public social protection as a complement to the agreements (e.g. relief contracts, partial and/or early retirement).
- ❑ ERE is an effective legal tool. However, practitioners and workers representatives report some difficulties and limit in the case of the content and efficiency of the compulsory Social Plans. Furthermore, income protection plan and early retirement measures put in evidence the burden for the social (usually public) costs.
- ❑ On-the-job skills learnt by the worker rather than formal education are to be taken into account when planning the best option to enhance qualification levels to a better labour market insertion.
- ❑ Social Dialogue plays an important role for anticipating in a reactive way. Institutional legal framework might be a problem, as well as the low level of participation of Trade unions in SMEs’.
- ❑ The public aids established have created instruments for agreements and participation such as monitoring centres (*Observatorios industriales*) and other support measures (training, technical and business modernisation, productive diversifying, improvement in trade and distribution, etc.). Although their focus is very much on the industrial aspects, these instruments could carry out an anticipatory function for the preventive management of changes occurring in undertakings in the affected sectors, specifically calling attention to the need for training in occupations that favour employment transitions.

5. Main Results

The National Seminar has contributed to the capitalization and systematization of the knowledge and practice on Restructuring in Spain with a particular focus on the analysis of the Employment Regulation Reports (ERE).

From the organizational/methodological side the following key elements came out:

1. key aspects of the Restructuring schemes in Spain were put in evidence.
2. strengths and weaknesses of specific measures were analyzed as well as four case studies.
3. a synthesis on key concepts on Anticipation, Social dialogue approach, Territorial partnership, results of Managing restructuring schemes was carried out
4. Suggestions were highlighted on :

- the need to improve the capacity to respond to the need of vulnerable workers threatened by redundancy.
 - the importance to better respond to SMES' specific needs
 - the need to better coordinate the different actors
5. Main challenges were highlighted : demographic change, Training for accompanying change.

From the technical side the Seminar has offered the opportunity for:

1. Shared knowledge on the main experiences in Spain
2. Better understanding of the notion of Anticipation
3. Shared opinion on the relevance and effectiveness of the role of the Social Dialogue in Spain.

Finally, with reference to the Evaluation results based on the questionnaires filled in by the participants at the end of the Seminar the average of 4.50%. The comparison with the ITC-ILO's activities benchmark of the participants' satisfaction [4, 26%] reveals a good satisfaction of the overall activity .