

ANTICIPATING and MANAGING RESTRUCTURING: 27 NATIONAL SEMINARS

VC/0667/08

NATIONAL SEMINAR'S MINUTES

Czech Seminar

Introduction

The minutes intends to provide the information on the implementation of the fifth event that has taken place in **Prague** on **24th 25th September 2009**. The purpose is to highlight the key finding issues and the main results of the debate.

1. Background

The National seminar aimed to present and discuss the most important measures and tools for anticipating, preparing and managing restructuring and its effectiveness and transferability.

The NBP was developed taking into consideration the need to identify and describe the relevant existing measures and tools at national and regional level, as well as significant company practices.

2. Participants

The selection of the participants has taken into consideration the need of ensuring an high level profile of the representatives from Public Authorities and Social partners at national and regional level.

No. 25 participants attended the seminar on the first day , No. 14 on the second day, coming from the following Organizations/Institutions:

- Ministry of Labour (**no. 3**);
- Regional Authorities (**No. 2**);
- Trade Unions (national and regional level **no, 8**);
- Employers' Organizations (**no. 8**);
- Testimonial from companies (**no. 1**);
- Research Institutes: (**no. 3.**);

Representatives from the DG EMPL(**no. 3**), .Eurofound (**no.1.**), have joined the seminar.

3. Activities carried out

The National Seminar has developed the contents and the 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, as well as of the ILO main principles and recommendations.
2. the introduction of the overall aims of the project and the objectives of the National seminar.

After the opening session, the key finding issues coming from the NBP were presented by the National expert. The key elements of the presentation were the following:

- Main characteristics of the economy and Employment in Czech Republic.
- Features of the existing Restructuring framework.

- Transformation of the economic and occupational system (recent data and indicators).
- Different aspects of the anticipation process and response strategies to the current economic downturn (competencies, labour market, training system) as well the different tools for anticipating (active labour market policies, HR management, workers employability).

During the second day was briefly described the managing restructuring process (phase, procedures, role of social partners, including main challenges)

The existing types of measures/tools for managing restructuring were analysed with a specific focus on the analysis of the strengths and weak points.

All the presentations delivered by the representatives from the EC , National Expert and testimonials can be downloaded from the website of the project in the Country section – Czech Republic.

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) broaden discussion,
- c) brainstorming session
- d) group work sessions (no. 2)
- e) assessment of effectiveness and transferability of the referred measures and tools .

3.1 Round table session

The debate was facilitated during the Round Table session with the aim to discuss more in depth the following issue : TO WHAT EXTENT EXISISTING 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 five key questions drawn up by the ITC-ILO, presented by the moderator and subsequently followed by the active participation of all the attendants to the discussion on the effectiveness of the existing measures in Italy for anticipating restructuring. The main results of this first debate are summarized as follows:

- Among the existing Observatories for monitoring and anticipating labour market needs (Future skills example)

Anticipation is quite difficult. National observatories on Employment look at some trends that can happen in 5-10 timeframe. Anticipating new skills depends on economic development not only at national level but globally.

Future Skills project is based on a number of pillars (around 30 professional groups).data on sectoral analysis are available, but we work mainly on trends not on data, because is the best tool for predicting new skills and proper measures.

Other tools are not sufficiently used in the past. The forecasting analysis need to be more focused.

In Morevian region the research results were useful for introducing structural changes in the companies, but it requires time for the implementation.

Companies sometimes complain because they don't have workers well trained.

- Active Labor Market Policies

A set of measures is not listed but there are 3 main projects sponsored by the Ministry of Labour: we have to assess the results of the projects in relation to the investments done. Employment Department is responsible for those measures. Human resource development is a concept introduced by those tools ? Another question concerns the financial resources and to what extent legislation can support those experiences and who can benefit from these projects?

The main objectives was to respond to the lack of skills; we should exploit the crisis for preparing the workers with the new skills required. The beneficiaries are self employers. Another component of the project was implemented by the Regional Development. To what extent those projects are in compliance with the EU requirements?

“Educate yourselves” is one of the projects, we are in the second stage of the project. A lot of applications were submitted. (1 .1 billion) Also employers can apply for this project.

Training is a chance and long term investment. The Labour offices should check is those people are ready for a new job or not.

Long terms trend perspectives for structural policies together with short and medium strategies are the key factor to overcome the current crisis.

Regions in which there were a successful industrial policies in 1990s nevertheless the changes taken place, Czech not always managed well the impact.

Long term perspective : accelerating the use of Structural Funds

- Territorial and Sector development

Regions are going through enormous changes (Ostrawa for example in which there is Siemens) . Moravian Salesian Region at the beginning of 1990s has a lot of workers on the Steel Industry. This sector was restructured . A number of actions was undertaken even without a specific strategy. Most of the Regional strategies were carried out because requested by EU, not because part of a Government effort. Three aspects: entrepreneurship, skills, investments are key factors. As far Innovation is concerned, awareness of strategic impact need to be developed , the role of public authority needs to be strengthening. So far there are three Development pools, Prague, Moresian and Bhro.

Another interesting finding is the rate of unemployment that concerns regions and only regions that have negative numbers recorded by Regional Development Agency.

There are six excellent Centres for IT sector. Other 3 Centre for improving Innovation capacity are in the Regions.

Another strategic factor is Employment: Public Employment Services need to set up partnership at local level for training and job counselling services. Financial resources not always are sufficient.

- R&D is an efficient instrument for anticipating restructuring?

It is important to push young in scientific, and technological educational paths, to attract people to new technology, instead of having only layers, etc...

Culture of the private sector is influenced by the market in spite of investing more in education on new soft skills on IT. There is a partnership with Sheffiled for supporting relevant changes.

The main challenge is to put in practice the set of useful tools already available.

- Participatory relations can be an instrument for anticipating change?

The situation of metallurgic industries and metal working sector reveals that we are not ready for Anticipating. More focus on dealing with problems. The Agreement on recession introduce new Social problems but no Anticipation.

The current situation is not in line with predictable trends.

For example in the case of reduction of emissions, what is happened in the country in terms of discussion and dialogue at tripartite level? We are not ready for anticipating the risk of pollution by 2013.

How the stakeholders are integrated? Recent data reveal that there is an effective system. Other data do not confirm this situation, in particular at companies level. Siemens company for long time failed to invest money in the company. How to anticipate climate changes? Recent study on a apprenticeship programme for young post graduated: results show that the education system needs to update programme, introducing scientific and technological programmes.

Prediction it is essential not only for risk management, but for future development taking into consideration EU opportunities.

Foreign Capitals are influencing employment decisions in terms of job reductions and job creation.

During the debate widespread to all the participants the following Strengths and Weak points have been raised:

Round table 1

<u>Strengths</u>	<u>Weaknesses</u>
2 OPs on Innovation in ESF Programme.	Lack of proper and adequate investment. Need to assess the results of the Innovation projects.
Regional development policies	Lack of coordination amongst different projects on Innovation.
Social Partners' commitment for moving from passive strategy to constructive one.	Lack of strategic document on Employment needs.
Flexicurity: agreement that this is of growing importance, but little information about working procedures in other countries, which, however, would be a pre-condition for assessing whether other countries' experience could be transferred to CZ (as at the same time there is the awareness that other flexicurity systems cannot simply be taken and implemented in CZ)	Economic incentives for business development not fully linked to supporting new technologies, IT, etc.
	Observatories: predictions of skill needs are difficult due to continuous changes in the economy; sectoral studies and company data are hardly available; high importance of regional data; general problem: funding of good data provision and public access to available data
	Competence model: it should be checked whether the information really is not available electronically(at least there exists a project website?!)
	Not sufficient dissemination of information on results archived in different regions.
	Companies need real figures and data for investing in the future.

Lack of planning of economic development.
Observatories: predictions of skill needs are difficult due to continuous changes in the economy. Sectoral studies and company data are hardly available.
More emphasis should be laid on learning from past experience in restructuring, analysing the past and drawing lessons learnt
Lack of a general economic strategy should be overcome as the availability of such is a pre-condition for the establishment and the functioning of an early warning system and the quick translation of the therewith related activities into practice in case case of emergency
More emphasis should be laid on LLL to maintain/foster employability rather than defending one particular job (systems are in place but it is questionable what really is happening in practice; transparency of the measures and willingness of the target group to participate); general problem: funding
Necessity to create a system of relevant information provision to all stakeholders as a pre-condition for an effective and efficient social dialogue
Retiring programmes are available only for large scale companies

3.2 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 smaller groups (maximum no.5 for each session). 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	Potential areas of improvement
National Regional Observatories	<ul style="list-style-type: none"> •Useful tool for supporting people and addressing challenge; •Future of professions (30 professional clusters) available; •Sectors studies available; •Industries development surveys (future trends in 	<ul style="list-style-type: none"> •Which are the users? It is important to have a specific knowledge of them. •Products need to better defined and better targeted •No marketing for future investments. •Networking not present with other experiences in the 	<ul style="list-style-type: none"> • More attention on sectoral studies •School and universities more involved. •Need of institutionalising the monitoring

	41 sectors) available.	territory. <ul style="list-style-type: none"> •Lack of economic future strategies •Lack of national financial resources. • No raising awareness 	the labour market. <ul style="list-style-type: none"> •Sustainability of the system (financial).
Competence model Moravian Silesian Region Key competencies.eu	<ul style="list-style-type: none"> •Relevant statistical data from different sources •Results of regional surveys focused on specific themes •Analysis and experts reports available, •Sectors profiles available 	<ul style="list-style-type: none"> •No electronic access. •Private sectors not fully focused on soft skills. 	<ul style="list-style-type: none"> •Stakeholders should be involved. •Need to include soft skills as one of the future skills required. •Training is actually offered to top management staff: in the future is requested to extend to middle management.

3.3 Second day Round Table session .

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

The panel discussion was organized in a first debate around three main key questions introduced by the moderator and subsequently followed by the active participation of all the attendants to the discussion on the effectiveness of the existing measures in Czech Republic for anticipating restructuring. The main results of this first debate are summarized as follows:

1. Anti crisis package

Social partners have managed the consensus on the proposal submitted by Government in a very a historical moment, but they didn't have chance to comment and changed anything on the proposal.

Political proposal doesn't take into consideration welfare conditions .

Right now no. 76 Labour offices in the country with Job centres provide job counselling and advice to job seekers and redundant workers.

Experience gained in 1990s can be used as reference for the current crisis.

Key programmes were already launched. The role of the Ministry is to retaining people at work and to avoid long term unemployment. For fighting unemployment we need effective tools as training and re training.

Strategies for lifelong learning was adopted by the Government in spring 2009.

Flexicurity system can support economic development. It is not available all over the country. Part time arrangements could be a solution.

Economic stability is the main objective, now the social system is quite good. "Educate yourself Programme" represents a useful tool during the crisis.

2. In the current economic and financial crisis to what extent should the role of the Social dialogue and collective bargaining change ?

Why there isn't a early warning system ? It is an essential tool for avoiding mistake in the future. Social dialogue can support this system. There is underestimation of the effective support and knowledge of the Social partners.

None of the partners should be underestimated. There is still a lack of understanding of future needs as well as of communication with social partners.

Management of change relies not only on a specific partner, but on all the partners.

For companies managing change is something that they are used to do every time.

Social dialogue at regional level : different partnership initiatives at regional level. There are 3 capitals in the Region: social, financial and human capital. Latter one is most common.

Flexicurity means to have the possibility to maintain a job, to improve employability and to have social flexicurity.

Corporate social responsibility is a result of an effective social dialogue.

Investment in change and competency into companies is a strategic factor. More attention on lifelong learning. Above the compulsory level, the problem is that the budget is so limited for lifelong learning programmes. Educate yourself Programme provides for money only if workers show result achieved.

At national level the adoption of the Educate programme was accepted by employers. But the implementation is weak (mainly based on Structural Funds). Sometimes is not available feedback on the results of training programmes. Companies need information in time on skilled workers.

It is important to look at the crisis not only at macro level, because sometimes crisis is a pretext for dismissing workers.

3. Social programmes for redundant workers

It is very important to discuss further among partners on Active labour market polices existing needs for improving their effectiveness. Great flexibility of the labour market is requested by the Employers. Unemployment benefits are not sufficient, but it is needed additional social support.

Employability represents the key argument of the flexibility.

The legislation should provides support for the implementation of the specific measures.

Social system is supporting employability and adaptability.

Unemployment benefits are not high but could be considered sufficient. For unskilled people the situation is quite difficult because they are long term unemployed.

New measures are requested for social support during the crisis.

The system is able to motivate and incentive people to come back to work. There is still a huge number of low skilled people.

During the debate widespread to all the participants the following Strengths and Weak points came out:

Round table 2

Strengths	Weaknesses
Regional tripartite dialogue and Labour offices.	No information in time on trends and on skilled worker available for companies.
Exchange with school and University is functioning quite well.	Lack of assessment of individual measures for education and training.
Social dialogue at business level was managed quite well before the crisis.	Responsibility on social measures is fragmented.
	Not sufficient professional organization responsibility for the implementation of social programmes.

Lack of specific measures for low skilled workers.
Implementation at national level of Educate yourselves programme is mainly based on financial resources from Structural Funds.
Social programmes per redundant workers: available only by large companies

3.4 GROUP WORK (second day)

During the second day two case studies (one horizontal measure and one at company level) were analysed . The results of the Group work session are the following:

	Success factors	Main problems	Potential of improvement
Social programme Steel Industry	<ul style="list-style-type: none"> •Meaningful tools perceived from social partners. •Useful partnership with regional government. •Long term effectiveness •Outplacement services. •Unique and complex package •Minimization of costs in long –run . •Supporting Social programmes for alleviating negative effects of restructuring and Start Programme. 	<ul style="list-style-type: none"> •Quality of feedback information for completing the project. • No adequate financial resources. •Lack of requirements of qualifications. •High short – term costs 	<ul style="list-style-type: none"> •News skills to be acquired in the future in the sectors. •Future project need to be improved in terms of analysis of the results. •Identification of additional financial sources. •More targeted means. •Needs to raise awareness of the project •Access to data should be granted.
Social programme VITKOVICE	<ul style="list-style-type: none"> •All major actors participated in the progress. •Collaboration very active at regional level. •Local project on Consulting and re – training project (includes also psychological support services). •Over 6.000 workers received specific services in the period 1991- 2006. •The programme has reduced the serious impact of the restructuring process on economic and social situation in the region. •Different re training programme for re training workers dismissed 	<ul style="list-style-type: none"> •How many people have started self - employment? Number is low. 	<ul style="list-style-type: none"> • Monitoring and evaluation system on the impact of the programme should be strengthened. •Training should be provided not only to managers but also to other workers. •E-learning could be developed.

After the discussion on the two case studies, a brainstorming exercise was carried out on the following issue:

To what extent can Czech experience in restructuring management be viewed as innovative? Why “innovative”:

The main conclusion shows that the management of Restructuring model is not innovative, it needs to be drawn up. The participants agreed on the fact that it not easy to encourage innovation. There are few experiences during economy transformation. Education and Social systems should be merged for strengthening the impact and efforts.

The main outcomes of this exercise are sum up in the table below:

Why not Innovative

- Lack of the will of political representatives to accept (take into account) opinions of employees and labour union
- Need to merge educational aspect and social one in order to address different target groups
- There is no model, there are only particular solutions (usually ad hoc solutions) Innovation -> to create model (tools, institutional and financial sources) and to set conditions for its using.
- There is need of continual (and subsequent) financial support
- There is no general model for evaluating existing experience of other states and use them for the model
- The model of managing the restructuring is necessary to create!
- It is not innovative at the present. It is influenced by “political turbulences” in the Czech Republic and by decisions of transnational companies.
- Only measures common for developed economies are used in Czech Republic. The Czech Republic has experience with restructuring only due to the transition from centrally planned economy to market one.

Why Innovative

- The current model is innovative, but it should use experience a knowledge from other member states of EU
- Connect the “EWS = Early Warning System” in the framework of the Czech Republic with the international (global) database, incl. WTO, UN etc.

3.5 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, the solution of restructuring of steel industry and the cooperation in the frame of tripartite (state, employers, employees) were recognised as one of the best practices in the country while the lack of strategy for economic development (it leads to using ad hoc solutions) represents the main lessons learnt.

The main conclusions of the final brainstorming are summarized in the following box.

Good Practice

- Introduction of the comprehensive system of the social security and education
- The introduction of social programmes for workers, who are laying off and application of new programmes from EU
- Restructuring of steel industry, incl. social programme for workers, who were laid off

- Project of regional labour market observatories + Project of soft skills development
- Solution of restructuring of steel industry + the cooperation in the frame of tripartite (state, employers, employees)

LESSONS LEARNT

- The lack of preliminary information on the global situation and its understanding before the crisis significantly influenced the Czech Republic
- Information from other States of EU, which could help to avoid potential mistakes (problems), was not used.
- There is no strategy of economic development (it leads to using ad hoc solutions)
- It is necessary to learn from previous development and to apply (as soon as possible) measures to diminish negative effects of the crisis in the Czech Republic, for example in the glass industry
- It is necessary to create “early warning system”
- It is necessary to create strategy of economic development of the Czech Republic
- Social dialogue created a lot of inspiring solutions, but political representatives did not pay appropriate attention to them
- There is no consistent economic policy and the financial sources for re - skilling should be separated from the financial sources of state budget . Setting up of exact legislative framework at national level is necessary.

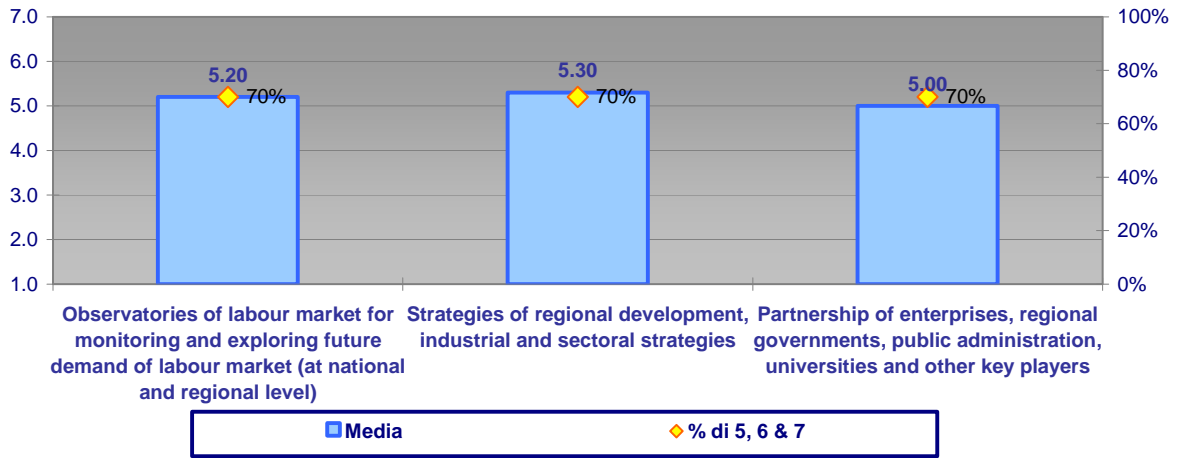
3.6 Evaluation session on effectiveness and transferability of measures/tools for Anticipating – Managing Restructuring

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 graphs show that among the Anticipation measures/tools the most effective are the “*Strategies of regional development*” while the “*Observatories of Labour market trends*” are considered the tool with an high level of transferability.

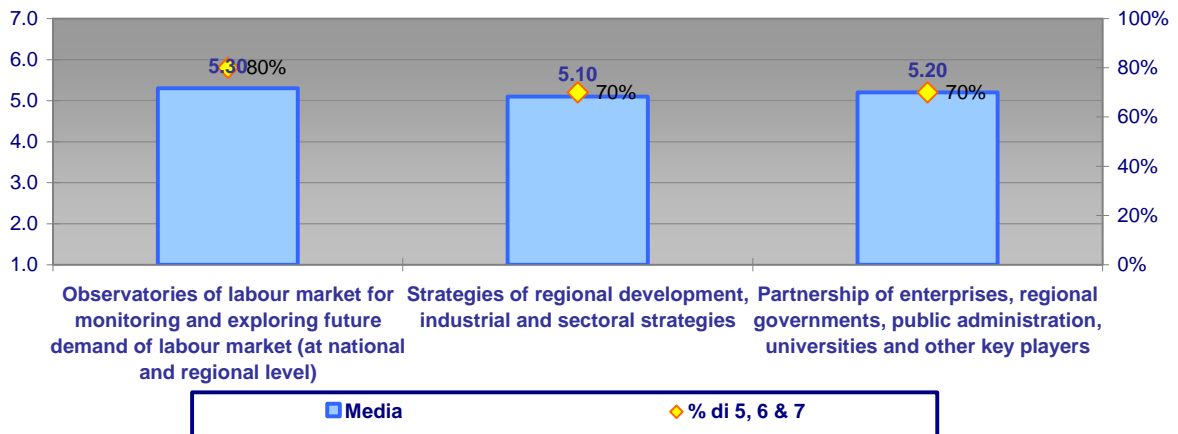
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Effectiveness



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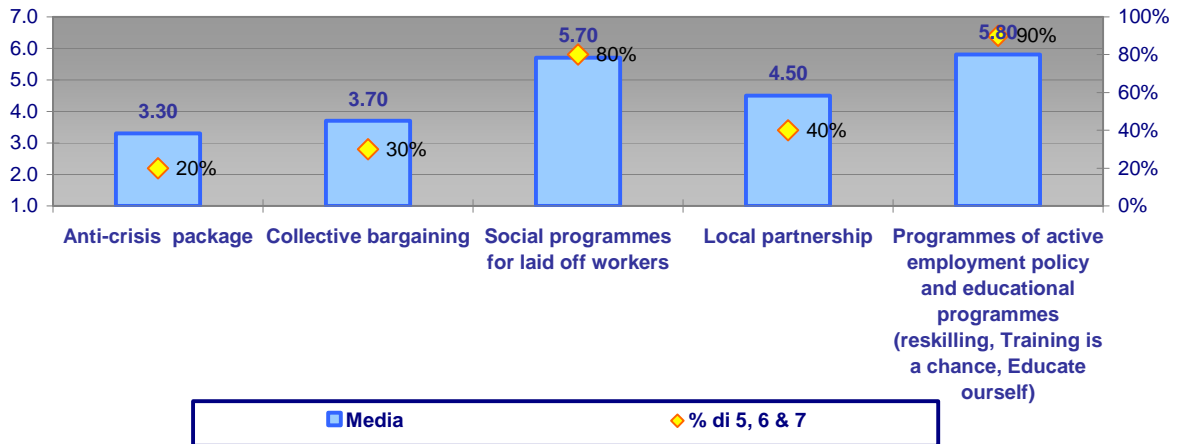
Transferability



Regarding Managing of Restructuring the graphs show that the most effective measure are the “*Educational Programmes for re-training*” that are considered even the measure with an high level of transferability.

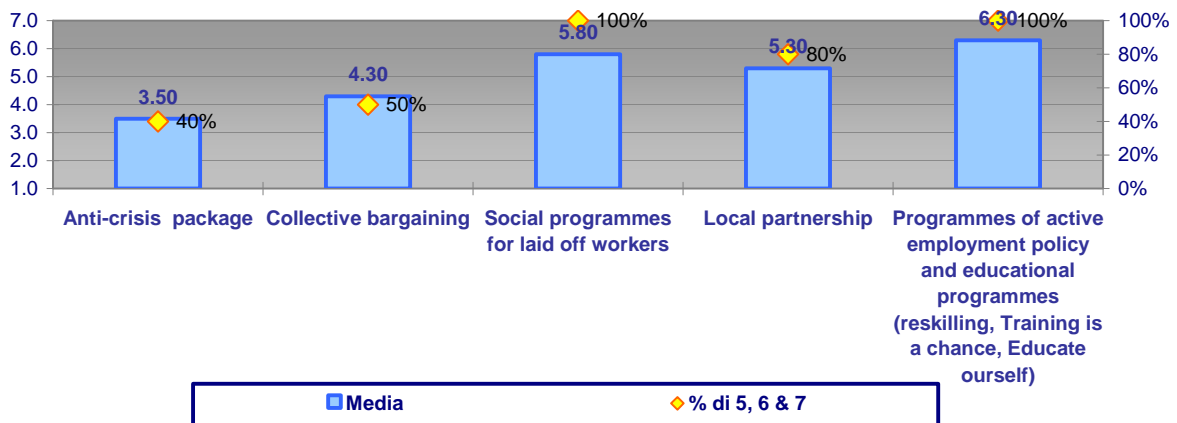
MANAGING RESTRUCTURING

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 Czech system is mainly focused on Management of Restructuring even if the participants have recognised the need to set up adequate measures for Anticipating structural changes..

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

- 1) The operational system for anticipating and managing structural changes is not based on structural measures (with concrete tools, conditions of their use, financial and institutional sources) but mainly on ad hoc tools. The negative effects of the lack of such a system are more evident at the time of the current recession.

- 2) Many problematic aspects need to be solved, inter alia the following ones:
- ensuring the availability of relevant data at global and national, but mainly at regional, sector and enterprise level,
 - creation of the “Early Warning System”,
 - preparation of a modular set of measures available for a quick response to the needs of restructuring
 - creation of consensus concerning the macroeconomic policy in the long-run and subsequent creation, realization and actualization of a long-term strategy of economic development.
- 3) There are several examples of good solutions (measures) in Czech Republic, which could be used for the development of a system for anticipating and managing restructuring, whereas they can serve as an inspiration for other countries as well. The participants of the Czech National Restructuring Seminar positively evaluated the following ones:
- Project on the development of transferable soft competencies, which is focused on the identification and development of soft skills demanded by employers.
 - “Educate Yourself” and “Training is a chance” programmes that help the employers to overcome the temporary decrease of production.
 - National and Regional Labour Market Observatories nation-wide and co-ordinated system .

5. Main Results

The National Seminar has contributed to the capitalization and systematization of the knowledge and practice on Restructuring in Czech Republic , with a particular focus on the experiences in the context of Educational Programmes for re – training workers.

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

1. key aspects of the Restructuring schemes in Czech were put in evidence.
2. strengths and weak points of specific measures were analyzed as well as four case studies.
3. a synthesis on key concepts: Anticipation, Social dialogue approach, Territorial partnership, Managing restructuring measures and tools was carried out.
4. formulation of a demand on the creation of a Czech Early Warning System connected with similar systems of other states and global organizations, which should provide information not only at global and national level, but also at regional, sector and in relevant cases at enterprise level.
5. Suggestions were highlighted on :
 - the need to introduce structured anticipatory measures
 - the future role of the territorial dimension,
 - the relevance of strategic development of economic policies at regional level
 - the need to better coordinate the different actors.

From the technical side the Seminar offered the opportunity for :

1. Shared knowledge on the main experiences in Czech Republic.
2. Better understanding of the meaning of Anticipation and the need to introduce a comprehensive system of Anticipatory measures in the Country.
3. The relevant role of the territorial dimension.
4. More in depth analysis of the weakness of the current system based mainly on ad hoc measures for managing restructuring instead of a structured system.

5. Shared opinion on the relevance and effectiveness of the role of the Social Dialogue in Czech Republic.

Finally, with reference to the Evaluation results based on the questionnaires filled in by no. 9 participants at the end of the Czech Seminar, the average of 4.25% was reached . The comparison with the ITC-ILO's activities benchmark of the participants' satisfaction [4, 26%] reveals a good satisfaction of the overall activity .