



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

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

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

Improved enterprise competitiveness  
and even enterprise survival.



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

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



## 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 could be carried out in a socially sensitive way, including re-employment options**

## Suggested tools

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



## Research findings: downsizing often leads to

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



## Examples of the SSER activities:

- Training
- Action research
- Promotion and Policy Guidelines



## Some of our major findings

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





## However: companies do not operate in vacuum – 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



## 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



## Main message of the ILO/SSER programme:

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

## Topics Round Table nr. 1

### *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

The objective of this first Round Table is to gather information on the current perception of the effectiveness, utility and transferability of the measures described in the National Background paper and their usefulness in the context of the current crisis.

Useful questions to correctly shape the topic for the discussion:

1. Among the existing Active Labour market policies (ALMP) : training, counseling, surveys on skill gaps, how do you assess this set of measures/ tools? Which measure/ tool is most effective and which one least effective?

**Panelist member:** [Mr. Linas Kadys](#)

**Head of Human Resources Development Division**

**Labour Department Ministry of Social Security and Labour**

2. Industrial policies, economic incentives, subsidies,. How do you assess this set of tools? Which tool is most effective and which one least effective? Why, in your opinion and experience?

**Panelist member:** [Mr. Rimvydas Velicka](#)

**President of National Association of Business Administrators**

3. Industrial relations. Any help for anticipating change on this side? Participatory relations can be an instrument?

**Panelist member:**

[Mr. Artūras Černiauskas](#) Lithuanian Trade Union Confederation President

[Mr. Algirdas Kvedaravičius](#) Lithuanian Trade Union Confederation Vice-president

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4. R&D. is an efficient instrument for anticipating restructuring (i.e. Business Innovation Centers , partnerships with universities, with local authorities)? Concerning the creation of new jobs in SMEs' what are in your opinion main strengths and weak points?

**Panelist member:** [Mrs. Nijole Vasiljeviene](#)

**Professor, Faculty of Strategic Management and Policy Mykolas Romeris University**

5. Territorial Strategies and planning: how do you assess this measures? To what extent it can be consider an effective tool for anticipating restructuring?

**Panelist member:** [Mr. Sergejus Krispinovicus](#) (or any other person from the Department)

**Director of Regional Policy Department**

**Ministry of Interior**

STARTER QUESTION no. 1

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

*How do you assess the experience in your Country: what are strengths and weak point?*

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## STARTER QUESTION n.2

Management of Restructuring aims to reach the economic and financial objectives of the enterprise as well as to mitigate the social impact. To what extent the existing national framework might be considered “Innovative” ? In case of a positive answer, please provide an example.

### Topics Round Table no. 2 afternoon

***Managing Restructuring in Lithuania: Lesson learnt from past experience and future perspectives.  
Specific Employers', Employees and (local and central) Government experiences.***

The objective of the second Round Table is to gather information on the assessment made by the panellists on the strength and weakness of the past experience on managing restructuring and possible fields for improvement in the future.

Useful questions to correctly shape the topics for discussion:

1. Among existing Passive Measures : (redundancy payments, early retirement, etc ) : how do you assess this set of measures/ tools? Which measure/ tool is most effective (with a particular focus on disadvantaged job seekers) and which one least effective?

**Panelist member:** [Mrs. Inga Liuberte](#) (or any other person from the LLE)  
**Head of Labour Market Services and Monitoring Department Lithuanian Labour Exchange**  
**[Mrs. Natalija Ziminiene](#) chief Specialist of Labour Market Division\_Labour Department**

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

**Panelist member:** [Mrs. Grazina Gruzdiene](#) President of Trade Union of Lithuanian Food Producers  
**[Mrs. Ramune Guobaite](#) Deputy Head of Labour Relations and Remuneration Division Labour Department**

3. Guarantee Fund: Strengths and weaknesses. Should it be reformed?

**Panelist member:** [Ms. Liudvika Trasykyte](#) Director of the Guarantee Fund

4. Support for setting up business for self – employment: How do you assess this measure?

**Panelist member:** [Mr. Mykolas Aleliunas](#) Confederation of Lithuanian Industrialists Vice president

5. The social impact: is it best to invest in active labour market policies and income support measures or to support new economic initiatives which can directly employ redundant workers? Individual incentives or incentives for new investors?

**Panelist member:** [Ms. Rasa Zabarauskaitė](#) Institute of Labour and Social Research