

RESTRUCTURING TOOLKIT

Fostering a culture of practical anticipation among stakeholders is hugely important in the corporate restructuring context. Such a culture can factor in the risks inherent to restructuring, so any gain in competitiveness is accompanied by greater adaptability among the workers, while ensuring that their career paths are secured, the economic fabric of the regions and communities affected is preserved and new prospects are opened up for local labour markets.

This Restructuring Toolkit¹ seeks to **provide guidance on anticipating, preparing and managing corporate restructuring in an economically efficient and socially responsible way**. It comprises a number of mutually interdependent guidelines for all stakeholders, including companies, employees' representatives, individual workers, the social partners and national and regional authorities throughout the restructuring process. It is organised under actions that should be taken continuously, during or after the restructuring process.

Developing a culture of adaptation to change and the instruments to facilitate adaptation on a continuing basis will equip companies, workers and regions better to cope with crisis situations during the restructuring process. Effective evaluation and monitoring of restructuring operations can significantly increase the effectiveness of adaptation.

The guidelines draw inspiration from the wealth of past experience starting from the Commission's first consultation document of January 2002, and the European social partners' 'Orientations for reference in managing change and its social consequences'² of November 2003.

It provides a basis for a wide debate on anticipating and managing corporate restructuring. The Commission hopes that the European social partners and other stakeholders will participate fully in that debate and it encourages them to do so, in particular at the Restructuring Forum to be held later in the year, and to play their part in laying down such a frame of reference.

¹ A more detailed checklist of good restructuring practice is available at <http://ec.europa.eu/social/main.jsp?catId=103&langId=en>

² <http://ec.europa.eu/social/main.jsp?catId=103&langId=en>

Employers

Continuing Action

Employers are at the centre of the restructuring process. Action within the company must be combined with measures taken by **other actors**, mentioned below.

The employers' **strategic planning** should also cover **forward planning for jobs and skills**, including:

- **Strategic long-term monitoring** of the company's economic and financial situation and of technological and market developments (as opposed to the search for short-term profit or asset value objectives), as done in many companies already today;
- Continuous **mapping of companies' jobs and skills needs**;
- Planning and implementing of **multiannual plans** and specific measures on jobs and skills;
- **Measures targeting individual employees**: flexibility measures (long-term working-time flexibility, job rotation, etc.); training measures (introduction of training advisers, design of individual 'competency reviews'; individual training plans, etc.); career development measures ('career days', 'career corners', job rotation measures, etc.); measures to promote **internal and external mobility** (increasing the range of tasks stipulated in contracts, identifying 'families' of skills; determining the main competences for each and devising ways of bridging skills gaps; introducing 'passports' per job family, etc.);
- Continuous employee involvement and collective bargaining on above issues;
- External partnerships with regions and the business environment.

During the restructuring process

There are at least four important steps in managing restructuring:

- **Building internal consensus** through a joint diagnosis based on a clear business rationale for change and providing comprehensive information at an early stage to and consulting employees;
- **Exploring all possible options** before contemplating redundancies (phasing in measures planned; exploring alternative solutions, such as the company's being bought out by the employees, natural departures, negotiated departures, internal or external redeployment, reducing work intensity and reducing working time);
- **Organising and delivering individual, personalised support to employees** whose redundancy cannot be avoided, *inter alia* through mobility cells and redeployment units within companies, employability and compensation measures (training and retraining, redeployment, help in job search, counselling support, etc.);
- **Involving external actors** (regional authorities, universities, training centres and supply chain).

After the restructuring operation

Evaluation of restructuring processes; **monitoring** of redundant employees.

Employees' representatives

Continuing Action

Employees' representatives at company and group level are vital partners for the management in all measures to **anticipate and manage the development of jobs and skills needs**. Their full participation should lead to a smoother process of adapting to change and restructuring and is important throughout the process, and in particular in:

- strategic long-term monitoring and continuous mapping of companies' jobs and skills needs;
- designing and implementing multiannual jobs and skills plans;
- designing and implementing measures targeted at individual employees;
- designing and implementing measures to promote internal and external mobility.

During the restructuring process

Employees' representatives play a crucial role in the four main steps in restructuring processes, namely **consensus-building, exploring all possible options** before redundancies, giving **personalised support to workers made redundant** and **involving external actors** in the process. Specifically this implies that employees' representatives (in particular, through EWCs, where available) should:

- conduct a joint diagnosis with management and contribute to its dissemination at all levels;
- agree on company-specific procedures for dealing with particular restructuring situations;
- participate fully in discussions with management on possible alternatives to redundancies;
- engage in negotiations with management on possible alternative options;
- exchange experience and ideas through networking with local actors, EU representatives and other representatives throughout the value chain;
- contribute to the information and advice centre made available to individual employees;
- contribute, in particular through negotiations, to the design and implementation of all mechanisms for providing support to individual employees likely to be made redundant;
- monitor the situation of employees made redundant until they find a new job;
- develop knowledge of the instruments and resources available and participate in training sessions, followed by communication with the workers, etc.;
- participate in external partnerships, broader networks and mechanisms to deliver support to individual workers and promote the inclusion of the whole supply chain in preparations for and management of restructuring operations.

After the restructuring operation

Evaluation (evaluate the effects of restructuring and, if necessary, renegotiate agreements, monitor the effectiveness of social restructuring measures); **monitor the situation of redundant employees**.

Individual Employees

Continuing Action

Provided that the requisite instruments and opportunities are available, employees should:

- step up their **capacity to collect the information** needed to understand the situation (if possible, in advance of particular restructuring operations) and keep their jobs or find new ones;
- develop **closer contact with their representatives** at all levels.
- strengthen their **employability and mobility** and make professional transitions that are feasible;
- exercise their right to education and training and accept the corresponding obligation to undertake education and training;
- **take part in all initiatives** organised by regional bodies to boost employment opportunities and skills.

During the restructuring process

- **seek information** on company strategy and labour-market developments; seek information on the company's development and any restructuring plans; keep in close contact with their representatives and play an active part in information, consultation and dissemination procedures;
- **explore possible action to avoid being made redundant**: develop an individual job-search action plan; be open to mobility within/between companies; be involved in the management of the restructuring operation; ask for coaching, training for job application, career counselling and specific training in line with job offers, etc.;
- make use of **individual support** available to employees: keep in contact with 'redeployment units', register at labour exchange office; request employer's assistance in pre-redundancy period; ask for training when unemployed, etc.

Social Partners and Sectoral Organisations

The social partners' **capacity to intervene at all levels** through social dialogue and collective bargaining puts them in a special position in terms of **coordinating action to develop social tools for anticipating and managing restructuring**. The establishment of guarantee, training and job-security funds by collective agreement is a highly innovative practice being developed in recent years.

Continuing Action

The social partners and sectoral organisations can play a major role in **anticipating change and developing jobs and skills needs** by shaping or supplementing action at company, national and regional level, in particular as regards:

- **the mapping of jobs and skills needs:** participate in early-warning systems at EU, national, regional and sectoral level and in sectoral-level frameworks for observing economic change, promote the negotiation of innovation and new skill needs in sectors, etc.;
- **the drawing-up of frameworks for workers' involvement:** promote collective bargaining on guidelines for anticipating change and restructuring at EU, national, sectoral, regional, local and company level, develop mechanisms for mutualisation of risks relating to job losses, etc.;
- **preparing measures targeted at individual workers:** support redeployment, set up or contribute to national, regional and company-level skills development programmes, etc.;
- **developing measures to promote internal and external mobility:** facilitate professional transitions within and outside the enterprise, promote innovative social measures to improve internal and external mobility of workers, etc.

During the restructuring process

- **Joint diagnosis:** share understanding of economic context with members, affiliates and all stakeholders, promote multi-stakeholder communication, networking and governance, etc.
- **Explore and negotiate all possible options for avoiding redundancies:** foster EU coordination of trade unions to help EWCs in their proactive role; encourage EU-level negotiations in the event of transnational restructuring; conduct negotiations on professional transition policies; ensure trade unions and employers' federations provide technical support to their members, etc.
- **Support redundant workers individually:** support internal and external mobility cells, develop sectoral training funds for redeployment, etc.

After the restructuring operation

Evaluation (monitor post-restructuring processes, promote the exchange of good practice, monitor the application of agreements); **monitoring of the situation of redundant workers** (contribute to monitoring of workers made redundant).

Regional Authorities

The regional authorities play a major role in **coordinating the work of the stakeholders** and in **promoting regional development and economic and social reconversion**. The establishment of a **regional task force** and the training of '**change managers**' to help all economic, social and institutional actors should be considered here.

Continuing Action

- **Continuous mapping of jobs and skills needs:** set up regional observatories to monitor economic change, jobs and skills, collect data for planning at regional level, establish regional intelligence units to monitor the economy, put advance-warning systems in place, establish regular work relations with big companies and development agencies, etc.
- **Multiannual business, employment and skills plan:** promote regional development, convene meetings of actors with a view to carrying out a joint diagnosis, set up skills planning partnerships, etc.
- **Measures targeted at individual employees:** assist with accreditation of formal and informal learning; promote regional lifelong learning policies, etc.
- **Measures to promote internal and external mobility:** set up databases on employer's needs, match workers and job vacancies and skills needs.
- Territorial employment pacts, public-private partnerships, institutional structures for competencies and skills, etc.

During the restructuring process

- **Joint diagnosis:** establish early-warning systems, convene meetings of actors to carry out a joint diagnosis, etc.
- **Explore all options before redundancies:** establish reconversion units, promote the region among new investors, support the search for new users of abandoned facilities, etc.
- **Support redundant employees individually:** training measures (create portals for occupational guidance and training, promote training through reconversion cells and by providing support for training); mobility measures (set up platforms for mobility and retraining, establish outplacement platforms for SMEs and social enterprises, support employees' cooperatives, promote geographical mobility plans, support the establishment of job pools by employers' groups, put dismissed workers in contact with companies needing specific competencies, etc.
- Use the regional task force, where available, as a means of mobilising all actors and resources, provide financial support where justified, identify sources of EU/national funding to support job creation initiatives, coordinate various devices for organising job transitions; establish rapid-response services, etc; create support systems for SMEs and multi-stakeholder platforms (professional transition contracts), etc.

After the restructuring operation

Evaluation (evaluate restructuring measures and publish results, revise regional development strategy in the light of restructuring experience and impact, etc); **monitor the situation of redundant employees** (conduct long-term evaluation of redundant employees' careers, create database for time-series studies on managed career paths, etc.).

National Authorities

The national authorities have a key role to play in anticipating change and managing restructuring. They shape the legislation applicable, define and work to meet employment policy goals, manage important forecasting tools, have the institutional capacity to help employees and manage substantial financial resources that can be allocated to restructuring companies and their employees.

Continuing Action

Governments and national civil services are in a position to help the other actors to design and develop **forward planning mechanisms for jobs and skills**.

- **Continuous mapping of jobs and skills needs:** support national jobs and skills plans, develop forecasting and foresight tools covering jobs and skills needs, create tools for effective exchange of labour-market information, etc.
- **Measures targeted at individual employees:** reinforce active labour-market policies, offer future-oriented qualifications plans, support competency development focusing on generic skills, offer career counselling services, finance the above measures, etc.
- **Measures to promote internal and external mobility:** develop incentives to promote geographical and occupational mobility, devise legal and operational frameworks for professional transitions, establish skills certification and transferability systems, support qualification schemes, etc.
- Promote cooperation between regional actors, support employment and skills planning and risk mutualisation, step up intra-governmental cooperation, reinforce regional observatories, promote social dialogue and collective bargaining in this field, coordinate regional, national and EU-level action, etc.

During the restructuring process

- **Joint diagnosis:** collect data on dismissals at national, regional and sectoral levels, monitor the impact of restructuring on sectors and regions, support early-warning systems, etc.
- **Explore all possible options before redundancies occur:** promote the revitalisation of regions severely affected by restructuring, monitor social plans; reinforce public employment services, establish outplacement programmes and structures, promote direct job creation, create mechanisms for mutualisation of risks and actions, support employee takeovers of enterprises in crisis or without heirs, etc.
- **Support redundant employees individually:** support local mobility platforms, facilitate mobility of redundant workers by means of severance grants and allowances, deliver unemployment benefits to vulnerable groups of workers, etc.
- Facilitate partnerships between the relevant actors, involve PES in the implementation of local platforms for workers made redundant, coordinate the use of the Structural Funds, etc.

After the restructuring operation

Evaluation (exchange experience with other countries; exchange best practice at national level; carry out evaluation six months and two years after restructuring operation; develop information tools, etc.); **monitoring of situation of redundant employees**.

Table 1: Summary of who does what

	<u>CONTINUING ACTION</u>	<u>DURING THE RESTRUCTURING PROCESS</u>	<u>AFTER THE RESTRUCTURING OPERATION</u>
COMPANIES	• Strategic monitoring of economic, business and market environment • Mapping of jobs and skills needs; • Multiannual plan for jobs and skills • Flexibility, training and career development measures targeted at individual workers; • Promote internal and external mobility • Information, consultation and collective bargaining on above issues	• Foster internal consensus through joint diagnosis; • Explore all possible options before contemplating redundancies; • Organise individual and personalised support for redundant employees; • Information, consultation and collective bargaining on above issues; • Involve external actors	• Evaluation of process • Monitoring of situation of redundant employees
EMPLOYEES' REPRESENTATIVES			
SOCIAL PARTNERS AND SECTORAL ORGANISATIONS			
INDIVIDUAL EMPLOYEES	• Collect information to understand labour market situation and options; • Develop closer contact with their representatives; • Step up employability and mobility • Participate in all initiatives	• Seek information on company strategy; • Explore possible action to avoid being made redundant • Use individual and personalised support; •	
REGIONAL AUTHORITIES	• Strategic monitoring of economic, business and market environment • Mapping of jobs and skills needs; • Multiannual jobs and skills plan • Flexibility, training and career development measures targeted at individual workers; • Promote internal and external mobility • Territorial employment pacts and public-private partnerships	• Early-warning systems, convene meetings of actors for joint diagnosis • Mobile reconversion units, promote attractiveness and job creation • Support training and mobility measures	• Evaluation of process • Monitoring of situation of redundant employees
NATIONAL AUTHORITIES	• Develop forecasting and foresight tools covering jobs and skills and exchange of labour-market information • Reinforce ALMP, promote qualification plans and counselling services, give financial support • Promote cooperation between actors and risk mutualisation • Develop frameworks favouring professional transitions	• Collect data on dismissals, monitor the impact of restructuring, support early-warning systems • Reinforce public employment services, establish outplacement programmes, promote job creation • Support local mobility platforms, mobility through allowances, and financially vulnerable groups • Promote partnerships and coordinate the use of Structural Funds	• Evaluation of process • Monitoring of situation of redundant employees