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The roles of PES in supporting structural changes

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Foreword

The dramatic events brought about by the COVID-19 crisis in the first half of 2020 put this thematic paper in an unforeseen emergency context. The priorities in the EU, as well as elsewhere in the world, quickly shifted to short-term concerns such as the best ways to limit the propagation of the virus (through various forms of containment), increase the number of hospital beds and develop intensive care capacities. Another immediate challenge has been coping with the risk of a financial collapse, with a massive reduction of economic activity and the repercussions for earnings and employment. Here, the Public Employment Services (PES) of the EU Member States are at the forefront, cushioning the shock and helping firms and workers – whether employed or unemployed – to bridge the gap and maintain their consumption and their competencies. The main tool at their disposal is short-term working schemes that protect firms as well as workers and limit the swelling of the ranks of the unemployed.

These exceptional, hopefully temporary, challenges are a resilience test for our societies. Structural change through job destruction and job creation is a longer-term process but even in the present shock some structural changes are already happening or will occur soon (for example, through the possible bankruptcy of many Small and Medium Enterprises (SMEs), and the speeding up of the digitalisation of the economy through homeworking). Rather than addressing the present short-term challenges, this paper deals with the immediate next steps and those that follow.

Structural change often arises from brutal and abrupt events, for example, when mass redundancies disrupt the life of a city or territory. The present and upcoming events will converge to create a renewed need for reactive, proactive and cooperative responses within dismissing organisations and across labour markets.

This paper contains six parts. The introductory chapter briefly puts into perspective the progressive shift of PES' roles from curative and ex post interventions to anticipatory and proactive measures. Chapter 1 focuses on forecasting and anticipating the activities of PES. In chapter 2 we examine the role of PES in supporting structural changes in a preventive way. In chapter 3 the focus is on dealing with mass redundancies, whether potential or occurring. Chapter 4 discusses the consequences of such evolutions on the way PES provide and combine their services, either internally or along with other partners. The last chapter brings the paper together with concluding remarks.

Introductory chapter

Facing a recently renewed, as well as future, evolution of restructuring and structural change (0.1), PES in the EU have progressively enlarged the span of their interventions and developed proactive and anticipatory measures (0.2). While systematic evaluation remains rare, this strategy is progressively reinforced (0.3).

0.1 Job destruction and job creation through restructuring: a major opportunity but also a major challenge, especially for the future

Job creation and job destruction are, and will remain, among the main consequences of innovation in our productive systems. They are a major source of opportunities, but they also pose a major challenge in our societies. Restructuring with redundancies is most often painful for the workers and the communities involved, and can become a traumatic process even where stakeholders and policymakers seek to minimise the negative consequences for employees. A few decades ago it was considered to be rare and sporadic. Nowadays it is increasingly routinely observed, and in some big companies it has become a permanent activity.

While it could be said that job creation will compensate job destruction (at least in the long run) it is not always the case in a given territory, and one can observe their asymmetric behaviour: job destruction occurs in a severe, one-off and large-scale way, while job creation is usually progressive, occurs in different places and sectors, and often brings jobs tied to new skills that are out of the reach of displaced workers. Another significant feature is the disproportionate impact of redundancies. Beyond the official full-tenured job losses, they almost always involve the immediate destruction of less visible non-standard jobs (temp work, short-term contracts) and spill over to affect subcontractors, resulting in the destabilisation of territories and communities. The consequences comprise psychological traumas for previously well-integrated workers that can lead to long-lasting mental and social scars, skills losses, forced mobilities and forced inactivity. An additional characteristic is the special attention that such events can attract, such as through the media, protest action and social unrest.

However, this is only the tip of the iceberg. Most job creation and destruction occurs in SMEs, with much less visibility. A recent study by the OECD¹ comparing official restructuring records with statistical measures of job losses² states that ‘...a large majority of all job displacement takes the form of small to medium scale lay-offs, rather than mass lay-offs’. OECD researchers found that the share of SME job losses amounts to 80% or more of all job losses. They form a more complex picture, in some cases with less severe changes and better transitions from one job to another, and in other cases experiencing deep, less visible losses.

These challenges are likely to be reinforced in the near future, even if one sets aside the current health crisis. The ongoing process of digitalisation of jobs reinforces a well-known ‘job polarisation’ process, with high skills requirements and well-paid jobs on one side and poorly-paid ‘bad’ jobs, or even exclusion for the less skilled workers, on the other. The macroeconomic and financial instability may interact with ecological disasters and generate disruptive pressures on firms and territories. Probable responses will involve a radical reorientation of important parts of our economic activity, leading to increasingly severe job destruction and the reallocation of workers. The challenge of channelling workers to the new jobs will become even more central than before.

¹ OECD, 2018, p. 131.

² The ‘jobs’ taken into account by the OECD comparison are jobs with at least one year of tenure, in order to exclude short-term jobs.

0.2 PES roles evolve, from end-of-process curative interventions to anticipatory and proactive measures

Let us remember that PES interventions take place among those of a wide set of actors and are not always at the forefront: e.g. in the case of redundancies, when social actors engage in negotiations about severance pay and the selection of workers who will be made redundant, in most cases the PES are largely left out of the process. The other actors involved include other state agencies, the training and retraining system (public as well as private), social partners, local communities, and labour market intermediaries (either for-profit organisations like temp agencies or non-profit like integration associations and networks).

Initially, the PES role was *ex post* (end-of-process) and curative: bringing replacement income, information on vacancies, training, and support and placement services to the workers made redundant, through Unemployment Insurance and so-called 'active labour market policy' measures. In the case of mass redundancies the PES, more or less in collaboration with the dismissing companies, created or supported dedicated replacement units.

Here, one observes very different services and treatments for different groups. While the more employable displaced workers are expected to quickly find other jobs and most often benefit from conventional (public or private) services, the PES also have to cope with the needs of less easily re-employed workers, who are often older, low-skilled, vulnerable, with lower self-confidence and fewer transferable skills. Facing this population at risk of long-term unemployment, the main response of public authorities has been to create and implement more intensive and targeted measures for the 'hard-to-place'. Most often publicly funded, sometimes managed by private agencies (through tender adjudication) or directly by PES, these measures face difficult challenges. In order to better prepare the jobseekers with tailored counselling, support and training, the search process is lengthened. The results are mixed: while for some workers the intensive, long-term interventions may lead to a successful return to work, for some others it is too late and they often end up in a transition towards public welfare programmes, poverty and inactivity.

These difficulties are among the main reasons that the PES, as well as other involved actors, gradually shifted the emphasis to early intervention and anticipation. The roles of the PES, therefore, increasingly include actively participating in jobs and skills forecasting, career guidance for jobseekers, and dealing with companies and employed workers who are either at risk of redundancy or are looking for an employability check-up or a reorientation.

As a consequence, the emphasis also shifted to multi-actor cooperation, because the PES roles may vary according to the importance and focus of already existing interventions from other actors. PES should not duplicate them but rather use them to complement their work. The initiative of PES and the cooperation between actors make particular sense in the context of a growing concern regarding SMEs: as observed above, they experience the most significant portion of job creation and job destruction but, in the absence of a specific focus or regular monitoring, the process can lack visibility. The participation of PES counsellors, who are well aware of local labour market opportunities, appears to be a necessary component in this context.

At the same time, the cooperation element progressively came to the fore for the 'classic' *ex post* and curative PES interventions, because their effects are likely to be reinforced when they can rely on previously established networks and a diversified range of options.

0.3 Anticipation and early intake: a slowly reinforcing strategy

Since the 'Gyllenhammar report'³ and its emphasis on 'managing change', many proactive initiatives have been adopted in the EU as well as in other developed countries. In the early 2000s, and later as a consequence of the 2008 world financial crisis, the EU Member States created or developed many instruments for coping with redundancies. The European Restructuring Monitor (ERM) created by Eurofound identified no less than 400 instruments in 2011, among which 120 involved the PES⁴. The total number has decreased since, and in March 2020 the number of listed instruments was 333⁵.

In 2013, a Communication of the Commission to the European Parliament⁶ put on the agenda an 'EU quality framework for anticipation of change and restructuring' in order to identify and disseminate good practices. The 2018 'stocktaking report'⁷ showed there had been slow progress, observing that while '...it thus reflects measures and good practices observed in national frameworks, it has not triggered any observable change since its adoption'.

Therefore, despite numerous instruments, experiences and exchanges, we observe a slow learning process in the EU, as well as in the rest of the developed world. A recent OECD research programme on this topic⁸ confirms this diagnosis. It underlines that while the various existing PES 'passive' and 'active' labour market policies are often evaluated, evaluation studies specifically dealing with displaced workers or workers at risk of redundancy are quite rare, stating: 'There is a surprising scarcity of rigorous evaluation evidence concerning what works for displaced workers'⁹. A similar observation is made by UK specialist of public policy evaluation Henry Overman, who in 2016 identified only 11 fully-fledged quantitative evaluation studies of diverse policies aimed at 'responding to major job losses' in the developed world, among which eight came from the EU¹⁰.

Direct evaluation of the outcomes of existing instruments and policies still leads to piecemeal evidence. Combining these results with more indirect assessments, the 2018 OECD report goes on: 'When feasible, *proactive actions* can play some useful role in limiting the cost of job displacement'¹¹. Among the main results of their study (which does not consider the programmes aimed at forecasting structural change), the authors underline the positive outcomes of early intakes: avoiding or limiting skills and income losses, generating trust, etc. They also insist on the importance of carefully targeting preventive measures, which otherwise could be costly and less efficient.

The year 2020, with its dramatic health crisis but also with accelerating long-term challenges such as the digitalisation processes and the 'greening' emergencies, could be the beginning of a new cycle of EU initiatives in this domain, either from the Union itself or from the Member States. There is ample place here for qualitative as well as quantitative evaluation. Mutual learning through comparisons and exchange of experiences is one of the main channels for disseminating qualitative evaluation such as process-oriented analyses, and contextualised good practices.

³ High level group on the economic and social implication of industrial change, 1998.

⁴ European foundation for the Improvement of Living and Working Conditions, 2011, p. 13.

⁵ ERM database of EU instruments to support restructuring in Europe (accessed in March 2020).

⁶ European Commission, 2013.

⁷ European Commission, 2018, p. 5.

⁸ Quentini and Venn, 2013; OECD, 2018.

⁹ OECD, 2018, p. 124.

¹⁰ Overman, 2016.

¹¹ OECD, 2018, p. 125.

1. Identification of structural changes using anticipation

Every Member State has a more or less regular flow of state statistics and forecasting documents regarding the probable evolution of the economy and of the labour markets. These explore short-term as well as medium and long-term perspectives. They build scenarios and discuss both stable and disruptive evolutions. They include demographic and labour force projections regarding workers, and macroeconomic and sectoral forecasting exercises in relation to enterprises, resulting in more or less precise assessments of the probable needs for diverse categories of workers. While some state-level forecasting studies are routinely delivered, other are less frequent – e.g. every five years – and some are focused on a specific problem or opportunity, such as the growth of an emerging sector.

PES local agencies and PES central bodies use this data, but it is often too general, even when broken down by areas. It needs to be adapted and complemented in order to assist with local decisions such as the orientation of a specific category of workers or the specialisation of training courses.

PES counsellors are in permanent contact with employers and jobseekers and develop a daily operational knowledge of the various local labour markets. This expertise may simply orient the daily decisions of the counsellors, prioritising some categories of jobs or some training for their clients. But it may also be systematised, e.g. converted into 'big data' that may be exploited and combined with other sources of knowledge such as surveys among employers.

Most PES engage in creating and implementing dedicated anticipatory tools, with activities ranging from focused/specialised forecasting contributions (1.1) to developing a diversified toolkit through partnerships (1.2). Finally, PES may opt to: build a more integrated and flexible process combining various partnerships, especially with employers' organisations; provide breakdowns by sectors/regions; and create bottom-up processes to complement classic top-down analyses (1.3).

1.1 Assessing companies' future staffing and training needs in more detail

The challenge of an increased use of technology and automation will affect all jobs and industries. Making the most of new opportunities whilst mitigating negative impacts will require a massive investment in skills and a major rethink of education and lifelong learning systems. In all EU Member States, a key activity is needed for orienting the efforts of PES in their task of matching supply and demand in the labour market, i.e. skills forecasting. In some countries, the task is directly performed by the PES. In others, PES forecasts are delivered within anticipation and assessment studies made by other actors, such as public and/or private agencies. In others, PES collaborate with a dedicated public agency.

Examples of the direct involvement of PES include:

Portugal – the National Qualification Needs Anticipation System (SANQ), run by the PES and employers/employees' organisations, provides information every three years. It is used by jobseekers, employers and training institutions in order to identify the skills in which to invest, and by government in order to plan vocational education and training provision¹².

Sweden – the 'Occupational Compass', a web-based service, presents PES forecasts for almost 200 occupations (covering 80% of employment options in the labour market) over the next 10 years, and is revised and updated twice a year¹³.

¹² ERM database.

¹³ Ibid.

France – the PES agency Pôle emploi conducts an annual survey among 1.7m employers on their short-term staffing needs and bottlenecks ('Enquête Besoins de main-d'oeuvre'), broken down by regions¹⁴.

Slovakia – since 2016 the PES has implemented a comprehensive five-year programme forecasting labour market needs, in cooperation with an external private partner, surveying 20% of the Slovak workforce¹⁵.

Norway – the PES has performed (and frequently updates) the 'Horizon Scan Analysis' since 2014, combining various data in order to take into account current and future societal changes, including demographic trends, users' behaviour, technology, labour market, living conditions and health and political trends¹⁶.

1.2 Building a diversified toolkit through partnerships

In Ireland, the 'National Skills Database' (NSD) involves standardised data and sectoral studies. It is implemented and updated by the Skills and Labour Market Research Unit (SLMRU) of the SOLAS public agency for further education and training, in collaboration with the PES, with the contribution of an 'Expert Group on Future Skills Needs'¹⁷.

In Estonia, OSKA forecasts began in 2016. Coordinated by the Estonian Qualification Authority, they propose long-term analyses of the future needs for labour and skills (over the next 10 years). They involve the main stakeholders and exploit quantitative and qualitative assessments¹⁸.

In Malta, a National Skills Council was established in 2016, and two international partnerships have been forged (with the Slovak Academy of Sciences and the Belgian-Flemish PES) in order to set: an occupational forecasting model, a survey on vacancies, a discussion process with employers and a competence-based job-matching system adapted to the Maltese context (cf. point 2.3)¹⁹.

1.3 Establishing a more integrated and flexible process

In the Netherlands, the contribution of the Dutch PES (UWV) is performed in conjunction with numerous studies dedicated to skills assessment and anticipation, including those published by Statistics Netherlands, the Netherlands Bureau for Economic Policy Analysis, and the Netherlands Institute for Social Research. These studies are supplemented by research by independent academic research institutes²⁰.

The Belgian-Flemish PES combines the use of general skills forecasts made by the Centre of Expertise for Labour Market monitoring (CELM) with specific surveys twice a year. It monitors the integration of young workers, checks and discusses its vacancy database results with employers' organisations, and reports on job aspirations that are difficult/easy to fulfil. In order to shape the training services it is offering, it adapts annual sectoral business plans and channels local labour market developments, including local employers' opinions, into the planning process²¹.

¹⁴ Statistiques.pole-emploi/bmo

¹⁵ Working Group on skills shortages 2019b, p. 48 – 49.

¹⁶ Fiche on 'Norwegian PES Horizon Scan Analysis' by C. Ole, EU Commission 2018.

¹⁷ European Commission, Database on national labour market practices.

¹⁸ Csillag and Scharle, 2019, p. 11.

¹⁹ Ibid. p. 12.

²⁰ OECD 2017b, p. 225.

²¹ Ibid. p. 12.

1.4 Additional questions

- PES' anticipatory activities are observed to be more frequently connected with business organisations, linked to potential investors and business networks. While this improves the efficiency of PES' matching activities for new, and usually skilled, jobs, it should be complemented with efforts towards non-profit organisations and inclusion networks, in order to retain a diversified portfolio of job offers.
- In the future, the slowing down of globalisation, the emergence of relocation processes and the promises of the 'greening' and 'circular' economy may raise the issue of new local productive specialisation: declining and even disappearing activities, versus new activities.

2. Roles of PES in supporting structural changes

There is a wide range of existing measures in this field, for *employed* workers as well as for companies. They include counselling, training, mobility grants, etc. on one side, and working time flexibility, identification of skills needs, etc. on the other. Most of these measures are directly created and managed by PES, while others involve PES as partner.

This diverse range of measures starts with a preliminary field of intervention, concerning companies and workers together, ensuring a better transferability/recognition of skills (2.1). Other activities are devoted to targeting specific groups of workers inside companies and aim to provide effective access to placement and training for those most in need (2.2). Some PES focus on 'competences' and aim to improve the matching processes in the labour market (2.3). Lastly, working-time flexibility is utilised, beyond its much-celebrated role of short-term cushioning (2.4).

2.1 Ensuring the transferability of skills

In some Member States, the transferability of many skills is obtained as an outcome of well-developed apprenticeship systems and via professional diplomas. But in other countries, apprenticeships are less developed and many skills are acquired on the job, which can lead to them being less transferable.

Among the examples of recognition of prior learning are: the Estonian Accrediting Prior Experiential Learning system (APEL); the Portuguese Recognition, Validation and Certification of Competences system (RVCC); and the French Validation des Acquis de l'Expérience (VAE), connected to the national list of certified occupations and to the operational list of trades and jobs, Répertoire Opérationnel des Métiers et de l'Emploi (ROME), itself reshaped in 2016 in order to facilitate transferability, for example²².

2.2 The upskilling of targeted groups of workers

Upskilling may be necessary for several reasons: economic structural changes, shortages of skilled workers, and the rapid digitalisation process. This suggests that the targeted groups may be diverse, either in specific sectors and/or territories, or simply low-skilled workers.

An example of targeted upskilling measures is provided by Malta, which implements allowances for low-earning individuals following the Maltese PES' training courses, which are free for participants. Other related measures include training subsidies for workers (irrespective of their employment status) and firms (both of which are ESF-funded projects)²³.

²² ERM database.

²³ Csillag and Scharle, 2019, p. 16 – 17.

A second example, on a much wider scale, is the Qualification Opportunities Act enacted in Germany at the end of 2018²⁴. The Act increases the support for further training for all employees who carry out professional activities that can be replaced by technologies, or are affected by structural change, or are seeking further training in a bottleneck occupation. The PES selectively covers the training costs, up to 100% for micro-enterprises (staff <10), to 50% for SMEs (<250), 25% for larger enterprises (>250) and 15% for large enterprises (>2,500). It covers the salary of the workers during further training, also in a graduated way: up to 75% for micro-enterprises, 50% for SMEs, and 25% for larger firms. As a sectoral and territorial application, the Act helps the automotive sector in Lower Saxony, where 400,000 employees are affected by a radical structural change: the shift towards producing electric cars. The PES provides part of the training measures required by the car company engaged in this restructuring process. The process may involve newly-created training institutes founded by, for example, a supplier choosing to work with its own training institute. Suppliers are expected to seek advice and support from the PES agencies, particularly with regard to the funding opportunities offered by the Act. The region has started an 'Automotive Industry Strategy Dialogue', in which the chair of the executive board of the corresponding regional PES directorate is also involved. The other main sectors involved are care, transport and logistics, and the metal industry. Beyond training, the German PES provides employees with individually-tailored advice and assistance. The advantages for companies are obvious. For employees, an additional benefit is that their chances of getting paid for appropriate further training are increased, whereas before the Act employees often had to pay for such training themselves.

2.3 Matching competences: enlarging the choice and action set

Even if most skills are transferable, they may be too narrowly defined in a context where available jobs do not align with existing skills but demand a combination of general skills and newly-defined capacities. A possible answer is to upgrade general training and encourage adaptation, helping enterprises to widen their recruitment criteria and practices. But one may also take the opportunity of a more general process of enlarging the choice set proposed to workers, through a focus on competences.

In Austria, the Impulseberatung für Betriebe (IBB; Stimulus Advice for Companies) provides free counselling programmes for companies undergoing organisational change and looking for a proactive recruitment policy. It puts the emphasis on life-cycle oriented educational programmes as well as on diversity management and 'productive ageing'²⁵.

A well-developed example of a competence-based matching system has been provided for a long time by the Belgian-Flemish PES. It focuses on competences rather than on professions and formal certificates, which is more efficient in a labour market characterised by more fluidity. It enlarges the range of opportunities for the jobseekers and opens access to new jobs through additional training. This approach also applies to the Maltese competence-based matching system, which has been set up with the help of the Belgian-Flemish PES²⁶.

In 2018, the Finnish PES implemented a sectoral and experimental initiative for coping with structural change in the banking sector by exploiting digital tools in order to identify competences and labour market possibilities²⁷. In a context of rapid structural change in this sector – with the Nordea Bank announcing 6,000 dismissals over four years from October 2017 – the aim was to support employers and employees in finding new career

²⁴ Schmidt – Altemeyer 2020.

²⁵ OECD 2017a p. 109.

²⁶ Csillag and Scharle, 2019, p. 12 – 13.

²⁷ Mizaras 2020.

options in order to replace the destroyed jobs. Although there are many high-skilled workers in the sector, bank clerks and other customer services personnel – mainly women with long seniority records – were most affected by ICT developments and made redundant. The PES took the initiative of developing a digital charting tool of competences, based on the ESCO competence classification and tailored to the needs of the employer. The tool is designed to enable the comparison of labour market data with information on workers affected by redundancies. The aim was to build a digital competence portfolio rather than a single-use survey. The PES found a suitable service provider who was able and willing to develop the digital service, building on the work they have done previously. Benefiting 101 workers and six HR experts, the experimental tool proved useful to both individual jobseekers and HR staff. The success of the initiative is illustrated by the response received from the company, which expressed satisfaction with the support, cooperation and the pilot service the PES provided. After the pilot, Nordea went on using and developing the actions and the competence portfolio.

2.4 Working time flexibility

Short-time work mainly deals with short-term emergencies and aims at maintaining job contracts and existing competences inside companies, and has been used widely in many EU countries during the COVID-19 crisis. But used in a more dynamic and proactive way, it can lead to re-training activities, preparing workers for structural change. It may become a co-investment in labour hoarding and adaptation, combined with co-investment in workers' training during non-worked hours. Examples include the 'Kurzarbeit' in Germany, and similar schemes in many other countries²⁸.

2.5 Additional instruments and questions

- Taking into account the increasing relevance of a career and life-course approach, many measures are aimed at supporting life-course autonomy and change (such as childcare, housing aid, transportation subsidies), but when they concern employed workers they are rarely implemented by PES. Co-investment in mobilities, either around big companies or on a territory, may consist of job pools and so on.
- Who should benefit by being prioritised in preventative upskilling policies: the young? Older workers with low skills?
- Building resilience: PES may participate in building networks of stakeholders that can be activated in case of emergency.

3. Role of PES and cooperation with stakeholders in dealing with (the risk of) mass redundancies

The majority of tools usually associated with structural change management, either ex ante or ex post, are found in this arena. The diversity of PES interventions takes place among a wider sphere, including employment protection legislation rules, re-investment areas, EU funds and instruments, etc. This observation underlines the importance of close cooperation with other concerned actors, taking into account the challenge of helping highly visible workers at risk of redundancy in big firms, but also less visible displaced workers from SMEs and other less protected forms of jobs (non-standard jobs and self-employment).

PES operate in very diverse contexts. In some countries or situations, the social partners are able and willing to take the leading role, negotiating the list of dismissed workers, the

²⁸ ERM database.

modalities of the dismissals and the range of help (income and services) provided to the redundant workers. Then the state and the PES play a 'last resort' role and focus on the workers remaining jobless after some months of unsuccessful searching. More often the states (or regions) take the initiative, bring key guarantees and play the leading role, involving the PES as well as specialised placement agencies.

Most of the time, PES have to cope with heterogeneous groups of workers. Some are able to quickly find another job by themselves while others need intensive, long-term interventions. Two intertwined, important priorities emerge here: the first being adequate timing, as early interventions may prevent loss of income and competences, and help avoid the scarring effect of a long period of unemployment; the second being quickly assessing individual needs and resources and providing tailored services.

The range of tools and activities begins with participating in proactive structuring initiatives, going beyond short-term concerns and stabilising partnerships, either by preventive or curative methods (3.1), then continues with early intake interventions, providing timely counselling and building bridges towards re-employment (3.2). The most integrated interventions rely on close operational partnerships between PES and other stakeholders, and may involve contributions from the workers themselves (3.3).

3.1 Supporting long-term proactive initiatives in regions or sectors

For a long time, specific industrial regions or sectors hit by rapid restructuring have benefited from dedicated, intense, one-off interventions in order to cope with the shock and mitigate the consequences. Since the beginning of the century we have seen initiatives aimed at easing structural change through long-term proactive partnerships, building a local framework for cooperation and coordination of involved actors.

An important example of the regional approach is offered by the Czech Republic, with the Moravian–Silesian Pact (MSEP)²⁹. Dating back to 2011, and inspired by other European experiences in Austria, Catalonia, Scotland and Germany, the pact is aimed at reversing the long-lasting unfavourable labour market situation in the region. In its latest version (2015–2023) it has been signed by seven partners, among which are the region, the local PES agency, and social partners. Providing diverse activities such as a regional observatory of competitiveness and labour market, a regional network of career consulting centres, a talent pool, competences and placement services and a labour pool, it has been deployed in several programmes, including RESTART – the economic restructuring strategy of the Moravian-Silesian, Usti and Karlovy-Vary regions – which plans the long-term developments of coal regions and prepares them for life post-coal. Widely acknowledged as a success, the pact has been replicated in other Czech regions.

In Italy, well-developed examples of the sectoral approach can be found, with sectoral funds established over the last two decades to support employees of companies facing restructuring and redundancies, and the creation of new and stable jobs. Beneficiaries are either the companies that signed the agreement and/or their employees. The funds bring together different stakeholders (trade associations and unions, company representatives, public institutions and employment services) to jointly support workers' transitions into new careers. Among the provisions granted are training and requalification programmes, personalised assistance in finding new jobs, and incentives for permanent hiring. Currently, there are two active funds in the pharmaceutical and banking sectors. For example, Welfarma, established in 2008, offers assistance in finding employment either in the pharmaceutical sector or in similar industries, or in starting a business. The national fund for supporting employment in the credit sector was founded in 2012 and provides

²⁹ EMCC fiche on The Moravian-Silesian Pact, op. cit.

incentives of up to €60,000 to companies willing to hire workers in the sector on a permanent basis (with open-ended contracts).

Combating the bias towards purely defensive reactions against mass dismissals, such agreements are typical of the increasing emphasis in the EU on proactive as well as protective measures organised through multi-actor long-term cooperation.

3.2 Early intakes and exploiting advance notices

Early intakes can avoid income losses and facilitate re-employment because prospective employers may prefer still-employed applicants or applicants showing proactive behaviour. Exploiting advance notices allows threatened workers to quickly access PES services, offering on-site group counselling and job-search orientation activities³⁰.

Examples include:

In Slovenia, all workers whose employment is at risk are obliged to register with the PES within three days after the notification (otherwise, their unemployment insurance payment is only 60% of their previous wage, instead of 80%). They benefit from the 'public support for jobseekers whose employment is at risk', which provides career counselling³¹.

In Lithuania, a temporary office of the PES is set up in companies facing massive lay-offs. The 'mini labour exchange' is a subdivision of the Lithuanian Labour Exchange (LLE) (Employment Office – since 1 October 2018) and provides the same services as an ordinary PES, differing only in its location. Services provided include individual or collective information and consultation, provision of a list of relevant vacancies and information on available active labour market policy measures, among others³².

In Germany, 'transfer schemes' have been implemented since the country's unification. Under such schemes, in case of group dismissal the employer offers the workers the annulment of the existing open-ended contract in exchange for a fixed-term contract with a third party specially created for such purposes – a so-called 'transfer company'. Financially supported by the PES, the transfer company provides work opportunities and services, which improves the reintegration possibilities³³.

3.3 Co-investing with companies, workers and other stakeholders in mobilities and retraining

The range of situations and arrangements within this context is very wide.

An example of direct bilateral management by social partners is the Swedish Job Security Councils³⁴. These are non-profit foundations, based on collective agreements between social partners in a given sector and financed by employers, whose contribution amounts to 0.3% of the wage bill. They offer a wide array of resources and services to displaced workers (those with a long-term work contract and at least one year of tenure) in the sectors in which they operate. The role of the PES remains quite limited. When the PES is contacted regarding the notification of large-scale collective redundancies, a local employment office may be established at the workplace, with a main mission of providing information to the concerned workers, most often through an internet-based information system. The Job Security Councils allow for the pooling of resources with other firms, which helps ensure that all firms are doing their share and have opportunities to hire re-trained

³⁰ OECD, 2018, p. 142.

³¹ ERM database.

³² Ibid.

³³ Knuth and Müge 2008, p. 129 s. ; Csillag, Adamecz-Völgyi and Fertig 2018, p. 30.

³⁴ Bergström and Diedrich 2008, p. 159s; OECD 2018, p. 144, 146 and 149.

workers. They cover three of the five million employed workers in Sweden, and benefit SMEs as well as big companies.

In Finland, the 'Change Security' model relies on legal backing and on a collective agreement. It is built on a close partnership between the PES, employers and trade unions³⁵. The model consists of three basic elements. First, employers are responsible for informing employees about their right to 'change security'. When 10 or more employees are affected, the employer must draw up an action plan together with the employees. Second, employees are entitled to paid job-seeking leave (from five to 20 days) prior to redundancy. Third, PES must provide counselling and job-seeking support, including a personalised re-employment plan. In 2016, the Change Security model was expanded through a tripartite labour market agreement, the Competitiveness Pact.

In France, the Contrat de Sécurisation Professionnelle ('Career path security contract') in which the state and the PES play the leading role, provides displaced workers with 12 months of entitlement to higher-than-usual unemployment benefits plus rapid access to intensive re-employment services from the PES. The cost of the contract is shared by the PES and the employer. The dismissed worker is encouraged to pursue short-term job experiences if they are compatible with his/her re-employment plan. The contract compensates for some wage losses in newly-found jobs and provides incentives for all actors to facilitate cooperation³⁶.

The Austrian work foundations – either 'company foundations', 'insolvency foundations', 'regional foundations' or 'industry foundations' – offer to provide redundant workers with tailored assistance and intensive retraining. They are created by the social partners and give full access to PES services. The 'social plan' of the dismissing company offers the chance to participate in the foundations' courses, and after a substantial profiling process (six weeks), the training period can last up to four years. The foundations rely on PES services and mainly depend on employers' funding and, in some cases, they benefit from the solidarity contributions of 'stayers' (the workers remaining employed by the dismissing enterprise)³⁷.

The actions of the work foundations can be reinforced by the involvement of another partner, with the PES acting as a key partner but not leading the process. In the case of Vienna, the waff (Vienna Employment Promotion Fund) is the city's labour market organisation³⁸ and, working in close cooperation with the Vienna PES (AMS Wien), it organises and coordinates the Vienna 2030 Qualification Plan, aiming to provide better education and training, especially for people with no more than compulsory schooling. The fund acts as a partner of those Vienna work foundations dealing with enterprises that need to reduce staff but want to do so in a socially responsible way. It helps with training and also mediates between enterprises considering dismissals and potential new employers, identifying compatible skills and companies looking for workers with such skills. Waff provides information and consultation and organises and manages the services of work foundations. Jobseekers are paid unemployment benefits during participation in the scheme, with an additional stipend. An example of the contribution of the waff partnership is the cooperation with automobile manufacturer Opel. At the beginning of 2020, the Opel plant in Vienna-Aspern announced it would close its engine production due to insufficient orders. Approximately 270 workers were going to be affected. For each redundant employee, a reorientation and training plan was prepared that could cover a period of up to four years. The waff found structural cooperation with companies that could hire former

³⁵ OECD 2018. p. 145.

³⁶ Ibid. p. 148.

³⁷ ERM database.

³⁸ Eckerstorfer, 2020.

Opel employees, such as rail vehicles producers and the Viennese public transport company.

3.4 Additional instruments and questions

- Tailoring the response to the timing and scale of the dismissals: the Canadian example of the Rapid Re-employment and Training Services (RRTS), in Ontario, provides three tiers of interventions and resources according to the significance of the displacement³⁹.
- 'Wage insurance' – temporary subsidies for compensating earning losses of re-employed hard-to-place workers (USA)⁴⁰.
- The coverage of affected workers remains very uneven. In most EU countries, temporary workers and workers with short-term contracts do not benefit from the comprehensive assistance system created for tenured workers. Even with legal provision, most workers in SMEs do not have effective access to the same re-employment and mobility services. Although it remains incomplete, the wide coverage observed in Sweden appears to be an exception and has been obtained by strongly structured social partnerships. This reinforces the mission of PES to compensate this disadvantage, in order to combat labour market segmentation and ensure more equal opportunities for all workers.

4. Providing an integrated set of proactive services

Up to now this paper has presented, separately, a range of practices and schemes dealing with a specific need or function, ensuring that the PES could more efficiently fulfil their mission in an evolving context of structural change: forecasting new jobs and skills, preparing the workforce for being able to take new jobs, and managing (the risk of) redundancies have been distinguished as three different fields of intervention and public policy innovation. Of course, PES in each Member State operate simultaneously on the three fields, as well as others, and combine several of the pinpointed practices, in different ways according to the national and local context and institutional resources. This transversal final chapter presents and discusses strategies integrating all or some of the previously highlighted domains. It emphasises the various roles the PES can play: as a strategist, a conductor, a partner, and an organiser.

The main justification for integrated and multi-partner PES strategies is the increasing need for rapid and multi-dimensional coordinated actions.

Three precise arguments stem from our previous discussions:

1. Responding to the need for quick reactions and initiatives means being able to mobilise and use ex ante stabilised resources. One could say, paradoxically, that it takes time to be able to act quickly. This is true for digital tools, which need to be tried, validated and adapted before rapid use. And the recognition of prior learning is a time-consuming process that is not easily performed in a context of newly-announced redundancies. Beyond these examples, establishing trust among partners and especially among at-risk-of-unemployment workers is a priority and has to be prepared for with long-term commitments and concrete reassuring gestures. Efficient, quick reaction depends a lot on the existence of previous continuous cooperation between the PES and other actors.
2. Integrated interventions are needed due to the necessary time-sequencing and continuity of the services dealing with workers. We saw the importance of early

³⁹ OECD, 2018, p. 144.

⁴⁰ Ibid., p. 170 – 171.

intake in the case of possible redundancies in order to avoid discouragement. Orientation decisions and training courses and/or placement activities should be immediately, or very rapidly, connected in order to motivate and reassure workers or trainees. It may happen that workers shift from one scheme to another, with different rules and treatments. These ruptures should be minimised, and a continuous follow-up ensured. This demonstrates the relevance of the permanent coordination of several employment services, either simultaneously provided (such as training and benefits) or following each other.

3. There is an increasing need for flexible interventions and local autonomy. Each PES local agency has to select the right mix of services it provides, adapted to a specific context and often to particular challenges. In such a task, establishing direct contacts with dismissing or recruiting companies, and with local actors, is critical. This should lead to more agile responses and tailored implementation. While discussing the internal management of PES' organisations is not the topic of this paper, the consequence of this argument is the importance of decentralised arrangements, with local PES agencies being able to make agreements with local partners such as regions, municipalities, networks of employers, etc.

The need for rapid, multi-domain and coordinated action can be met either by the PES' organisation itself (4.1), or by multi-actor partnerships, often involving the PES' organisation as conductor (4.2).

4.1 Building a global strategy: integrating forecasting, ALMPs and training services

It has long been recognised that labour market institutions are complementing each other: unemployment benefits, placement and training activities, labour law and especially employment protection legislation, various subsidies, etc. PES services are at the heart of this system. The emerging concept is the importance of problem-solving strategies involving a wide range of PES-coordinated interventions as responses to structural change.

A first example is sectoral and has been developed in a small open economy: the case of Lithuania's transport and storage sector⁴¹. Contrary to the situation of many other sectors, this one is confronted with labour shortages. Lithuanian employers have little leverage to compete against Scandinavian/Western EU employers, especially when hiring heavy truck and lorry drivers. The latter countries offer better wages, and more than half of the labour supply in the sector comes from non-EU countries such as Belarus and Ukraine. The PES had the task of assessing the situation, identifying shortage occupations and preparing the workforce for working in this sector. The PES worked together with two types of partners. Social partners from the sector provided information and advice about the situation (regional meetings, PES tripartite commission) and suggested possible PES actions. Vocational training providers adjusted their courses according to current and future employers' needs and improved their quality. The PES itself prepared (biannually) a list of shortage occupations, setting quotas for foreign workers, provided vocational orientation and vocational training, offered subsidised employment and support for mobility measures. As a result, most of the demand for the workforce was satisfied in 2019. This was achieved through the registration of 20,000 vacancies, the enrolment of 2,500 trainees, the placement of 9,000 jobseekers, the issuing of 700 work permits for foreigners and 20,000 national visas for foreigners. As a result, employers in the sector are currently optimistic, even in the post-COVID-19 context, but their heavy dependence on a foreign workforce remains a concern.

⁴¹ Darulis 2020.

A second example is a global strategy for 2021–2024 formulated by the head of the Greek PES, aiming to identify and address the widespread skills mismatch in the Greek labour market⁴². According to a survey of the Hellenic Federation of enterprises, in 2019 one third of enterprises in Greece reported that they could not recruit due to a lack of candidates with appropriate skills, while half of the enterprises felt their own staff lacked appropriate skills and competences. At the same time, Greece faces one of the highest over-education rates among advanced economies, but also an ongoing brain drain, as well as an ageing population.

In view of these challenges, the strategy identifies four structural deficits and sets four priorities. First, data is going to be integrated into the policy cycle, with labour market and skills forecasting, monitoring and evaluation, relying on regional and local partnerships and on cooperation with Estonia regarding monitoring of the matching process. Second, the quality of vocational education and training (VET) will be improved in close cooperation with employers and with providers of initial and continuing vocational training and will provide appropriate certification. There will be a special focus on IT training and digital skills, for which the PES developed new partnerships with IT companies such as Google, Cisco and Microsoft. Third, an integrated approach is being developed for ALMPs, from profiling to placement, according to the following sequence: profiling and skills assessment; counselling; upskilling and reskilling; employer needs assessment; employment activation programmes; and placement monitoring. Fourth, these elements will be combined in a global strategy, using an employer-driven approach with a strong focus on the needs of enterprises and on the quality of VET programmes. Such a global reorientation requires important changes in the internal and external organisation of the Greek PES, in order to better coordinate and to incentivise the PES employees, the workers and the jobseekers, and PES' partners, such as employers' organisations, providers and local actors.

4.2 Acting as a conductor or an organiser

Make or buy? A PES action may be a direct one, as an outcome of PES programmes, or as the result of subcontracting with other suppliers, but it could also be indirect if the PES sets partnerships with other actors that it selects and coordinates, sometimes becoming a partner itself – most often a leading one – in their joint response. This role as a conductor, or as an organiser, puts the PES into an extended network in order to provide services it cannot provide by itself but deems necessary. This would be the case when cooperation between enterprises, and between enterprises and other actors, appears to be desirable. The field of further training illustrates these tendencies, with well-established sectoral practices as well as new national reforms. It could also be a pragmatic problem-solving approach in the case of a territorial shock leading to mass redundancies.

Since 2003, the Walloon PES Le Forem, in Belgium, has managed the 'Comités Subrégionaux de l'Emploi et de la formation', which in 2014 became the Instances Bassins Enseignement qualifiant – Formation – Emploi (IBEFE) in Wallonia, setting Le Forem as the regional conductor in concerted occupational orientation. Operating in a geographical area, the Instances Bassins have the mission of bringing together the training courses offered, through a synergy between social partners, local professional training and further training actors, employment services and social inclusion. The IBEFE also develop local analyses and diagnoses, and initiate or foster new projects in the field. Ongoing reforms aim, in 2020, to unify all the coordinating schemes existing in Wallonia in order to build a unique multi-partner lifelong orientation service. Le Forem combines this coordinating network with a long-term stabilised practice of joint work with sectoral business federations in order to perform prospective studies on occupations and competencies of the future, utilising

⁴² Protopsaltis 2020.

sectoral experts. Conductor and organiser roles complement each other and led, in summer 2020, to an early proactive stance in coping with the consequences of COVID-19⁴³.

The Spanish PES (SEPE) has been established as conductor in the field of Vocational Training for Employment by a 2015 law that undertook a comprehensive reform of the existing system⁴⁴. Pilot projects were implemented over four years and the official launch of the overall project took place in September 2019. The main objective is to make the actions of all stakeholders converge within a coherent methodology for detecting training needs and converting them into training specialities, through the coordination of all the instruments and actors carrying out the analysis and anticipation of changes in the labour market. While efforts towards a common and reactive procedure are still ongoing, the outcome appears to be, for the first time, a synergy with all the stakeholders engaged in the observation and forecasting of the labour market and vocational training for employment.

The example of the Rogaland initiatives in Norway show how PES, challenged by a sudden increase of unemployment in a region, can react in an innovative and pragmatic way, by organising the cooperation of multiple actors⁴⁵. From September 2014 to December 2015, the downturn in the oil industry led to job losses, particularly in the area surrounding Stavanger. It caused a dramatic increase in unemployment amongst engineers, who are not the usual target group for PES support. The regional PES realised that action had to be taken and would require some major changes in the operation of the PES as well as the engagement of other actors (private and public sector). Emphasising collaboration with the engineers' trade union, the PES created a network with local political leaders and received political and practical backing from the mayors at local and regional level. Concrete activities included the organisation of 'possibility cafés' in cooperation with municipalities, and job-matching 'speed dates'. The event highlighted that workers with many resources and high-level education can also require support when they face a personal crisis. This required adjustments of expectations and communication on the part of PES counsellors. It also required adjustments from the clients, e.g. considering the pay level and location of potential new jobs. To support this, after three to six months of job-seeking, several local PES offered a specific activity called 'my new strategy' to this group of workers, to review the situation and consider alternatives. The effort made by the PES had the desired results in terms of engagement and contributions from other actors, and interest from employers and jobseekers. The approach also affected the PES itself, in adapting to the influx of new clients. Working with other partners brought energy to the organisation and created a sense of 'we are in it together'. The experience showed the importance of investing in a network, in dialogue and external relations. It was important that the central public employment authorities gave the region the freedom to handle the situation itself.

4.3 Additional questions

- New client groups are emerging in the EU that are traditionally out of the reach of PES, such as independent workers, freelancers and artists, etc. who use, or would like to use, the PES' services, especially training and placement. They increasingly cooperate within new labour market intermediaries such as self-employed organisations, artists' networks, non-profit employment cooperatives, etc. From a public policy point of view, taking into account and integrating these workers and new collective actors becomes legitimate and even necessary if one considers the workers from a life-course perspective, with possible switches from conventional salaried employment to other ways of working and earning a living. These 'oblique'

⁴³ Le Forem 2020.

⁴⁴ Working Group on skills shortages, 2019b, p. 56 – 58.

⁴⁵ Teigen 2020.

careers may become, if not a norm, quite commonplace, and this will place the PES inside and sometimes at the centre of new networks.

Concluding remarks: Towards a mutual support of preventive and curative measures through expanded anticipation, expertise and partnerships

Developing the anticipation of new jobs and new competences is, and will be, a major source of a renewal of PES interventions that deal with structural change. Such evolution can be summed up by a global shift in the priorities of the PES: from ex post and curative interventions (which remain and are, of course, unavoidable and dominant during the health crisis that began in the spring of 2020) to ex ante and preventive – that is, proactive actions. Since the end of the previous century, this has progressively added new missions to those traditionally performed by PES. From a strict focus on the unemployed, PES now enlarge their client list to include all categories of workers as well as potential workers. Initially running quite specialised programmes, sometimes implemented in a tailored way, PES increasingly develop integrated and individually-tailored interventions. Beyond timely placement and matching efforts, they develop life-course and career guidance for workers, as well as continuous services for enterprises. Beyond being consumers of statistical data, they become producers and exploiters of data. Abandoning their traditional (cosmetic, rather than real) monopoly of placement, PES now develop partnerships with other actors, such as business networks, and private placement or training agencies. They retain, and even reinforce, their structuring action on the labour market, but perform it through an enlarged range of means and strategies.

From this perspective, preventive measures become more and more important, and can efficiently complement curative measures. Converging with the analyses and conclusions of previous work made under the aegis of the PES Network⁴⁶, this thematic paper has shown that we are at the beginning of a wide-ranging and long-term process. Helping well-prepared and informed workers to shift from one job to another appears, of course, less costly than trying to re-motivate low-skilled and hard-to-place workers. However, many examples above show that building a coherent set of new functionalities is not a quick-fix strategy but requires a long-term effort. This is the case, for example, with the use of digital tools and digital data, which should be carefully tested before being extended.

We underlined that this common evolution takes many diverse paths in the EU Member States. According to the national and local contexts and needs, the PES' new roles may go from a narrow partnership to full leadership, acting most often between these two poles: as a conductor, as a first violin, as an organiser, and so on.

Among the present challenges and their possible responses, six seem important to consider:

- Combating what could be termed the 'Cassandra effect' and ensuring trust: the person/actor warning about possible restructuring may be considered as speeding up or even triggering the job losses process. Is it advisable to ensure confidentiality? How should strategic information be shared? A response could be to integrate the forecasting reports into wider and regular forecasting exercises and use them as a lever for social dialogue.
- Initially well-protected workers who are made vulnerable, with little or no transferable qualifications and few mobility options, are confronted with poor job prospects and pushed to accept lower wages and less secure jobs. The best practices for improving their motivation and speeding up their placement combine

⁴⁶ Csillag and Scharle 2019 (op. cit.); Fondazione Giacomo Brodolini 2020.

knowledge and action: they start with a strong capacity for measuring job quality and giving reliable information on labour markets, and go on with early intake and targeted training, counselling initiatives and income protection.

- In any restructuring process, there is an almost unavoidable conflict among workers, between 'movers' and 'stayers' (sometimes called 'survivors'). Ensuring equal and better access to counselling, training and mobility support would help mitigate the distance between both groups. It seems useful, when possible and with the help of social partners, to organise some concrete solidarity, e.g. by levying a (small) contribution on 'stayers', then contributing to the transitions of 'movers'.
- Among other sources of conflict, there is the competition between territories in order to attract special measures and new business and infrastructure investments. These tensions may affect regions and even countries, they may involve confrontation for scarce resources and result in brain drain. From the labour market and PES point of view, these processes are a risk for the equality of treatment between workers and between employers. There are also conflicts among national and local stakeholders – who will pay for what, and who leads the process? The PES, if not always in position to act as the leader, can emerge as a coordinating actor, especially if previous collaborations have been successfully executed.
- Big companies have the resources and the expertise for anticipating structural changes and dealing with redundancies, the task for PES being to assist them and build balanced partnerships. The remaining challenge for PES is how to support the transitions of the much more numerous and less visible workers in SMEs, and of the short-term salaried workers. Several ways exist for addressing the special needs of SMEs, among which are: improving and exploiting the labour market knowledge of the PES and enlarging the access to PES services to these firms and their workers; developing competence-based matching systems; developing cooperation and social dialogue with and within territories.
- Finally, there remains a more general question: what balance should be struck between preventive and curative measures? How to deal with deadweight effects? Some preventive measures may become costly and with limited effects. The main response would be pragmatic, carefully considering the heterogeneity of workers' profiles and selecting the most in-need workers. For this, further quantitative and qualitative evaluation would be useful.

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