



WORKING PAPER

No 7

Socially responsible restructuring

Effective strategies for
supporting redundant workers



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Europe 123, 570 01 Thessaloniki (Pylea), GREECE
PO Box 22427, 551 02 Thessaloniki, GREECE
Tel. +30 2310490111, Fax +30 2310490020
E-mail: info@cedefop.europa.eu
www.cedefop.europa.eu

Aviana Bulgarelli, *Director*
Christian Lettmayr, *Deputy Director*
Peter Kreiml, *Chair of the Governing Board*

Foreword

Company restructuring is undertaken in response to a range of factors, frequently interrelated, such as evolving market demands, changing economic and technological circumstances, the introduction of new working processes or the arrival of new competitors. The social costs associated with restructuring can be high, leading to large-scale redundancies and the decline of particular sectors, or regions, affected by job losses.

This report is timely in looking at how enterprises, in different contexts and sectors, can respond imaginatively to restructuring needs. It includes examples of good practice led by large and medium-sized enterprises. This review is published as most European economies are struggling to emerge from a deep recession. Socially responsible responses to restructuring attempt to curtail the scope of job losses and the longer-term impact on workers and their local communities across Europe. Although SMEs cannot develop socially responsible practices on their own, they can be supported in this task by publicly funded strategic arrangements and regional partnerships, as this report shows.

Appropriate strategies, policies, instruments and partnerships can reverse the negative impacts on affected individuals and local communities. It is, therefore, of the utmost importance that such restructuring processes are anticipated, planned and managed early carefully and with the involvement of a broad variety of stakeholders nationally but, particularly at regional and local level, European citizens need to be supported to manage working life transitions more effectively and have access to opportunities to develop their skills. From a socially responsible perspective, support services to soon-to-be redundant employees, might include investing in workers' employability, with greater emphasis on skills that promote mobility in the labour market, across sectors. The focus of this review is on how employers, on their own and with public support, can help worker reintegration into the labour market. The report illustrates that career guidance and continuing training have a key contribution to make to innovative and socially responsible restructuring strategies.

Restructuring can pave the way to new perspectives in terms of growth and job creation, on condition that companies can plan and manage necessary changes carefully and as long as public action helps ensure that restructuring is carried out in sound conditions. A dynamic and responsive approach to the effects of restructuring on local and regional economies is needed. We hope this analysis will stimulate research, reflection and commitment to address the challenge of socially responsible restructuring and how citizens caught in restructuring situations can be supported to reintegrate with the world of work.

Aviana Bulgarelli
Cedefop Director

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This publication provides valuable input to the policy debate on how to increase access to adult learning and career guidance. Further, with this analysis Cedefop brings a scientific contribution to the implementation of the Action plan on adult learning. It is always a good time to learn (European Commission, 2007) and the Career guidance resolution on better integrating lifelong guidance into lifelong learning strategies (Council of the EU, 2008). Cedefop wishes to open new lines of reflection, research and action on the contributions of Career guidance and continuing training to socially responsible restructuring.

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Executive summary

Scope and context

This summary draws together the main findings and the most challenging issues of a comparative review on effective strategies for supporting redundant workers and, more specifically, on employer support to reintegrating workers into employment. The analysis provides practical evidence of the contributions of career guidance and other forms of support, such as continuing training, to socially responsible restructuring processes, based on desk research and in-depth analysis of case studies.

This review is produced as most European economies are struggling to emerge from a deep recession. Enterprises of all sizes have been affected, with employment levels falling not only in the production sector and consumer services, but also in other sectors which may have been sheltered from the worst effects of past economic downturns. This report is timely in looking at how different enterprises, in different contexts and circumstances, have responded imaginatively to restructuring, using socially responsible practices.

Its focus is not wholly on recession related adjustments. Enterprises in Europe have long been adjusting to broader and longer-standing restructuring challenges, and this can be seen for some as a continuous process of ad hoc and cyclical restructuring. Here, socially responsible practice can help to ensure adjustment goes beyond assuring the vitality of critical sectors, to minimise the disruption and trauma often involved for citizens, their families and communities. Effective career guidance to support those losing their jobs, or at risk of doing so, brings an important contribution to front-line restructuring. Recent Council Conclusions on competences supporting lifelong learning and the New skills for new jobs initiative (Council of the EU, 2010) have also highlighted the crucial role of effective 'all-age' careers guidance to help inform and empower citizens in their work and life transitions. Against this background, the study has sought to provide a comparative and evaluative state-of-the-art review, looking specifically at:

- existing evidence and expertise on socially responsible restructuring practices by enterprises and, in particular, on career guidance contributions to strategies that support redundant workers;
- the regional and national responses and innovations that foster the employability of workers, within restructuring processes;

- innovative and effective practices, in different economic sectors, which could be transferable across diverse cultural and economic contexts.

A cornerstone of the study has been a series of case studies on innovation and effective practices led by enterprises, as well as by local and regional support schemes, in restructuring situations. These have brought together practice in enterprises ranging from 140 employees to over 130 000 across Europe and with redundancies ranging from 35 to over 6 000. The review has been comparative but has not been comprehensive across Europe, with eleven countries included and seven of these providing enterprise case studies (Germany, Latvia, Austria, Slovakia, Finland, Sweden and the UK), and two case studies on regional or local adjustment strategies (Slovakia and the UK). To this has been added a wider review of policy, academic and practitioner literature, stakeholder consultation and peer review.

Enterprise restructuring and careers guidance in context

Across Europe, there has been extensive research both on the issue of enterprise restructuring and organisational development, and on career guidance, career choice and career development. Unfortunately, research on the links between these two areas has attracted little past interest, echoing the paucity of European-level evidence of guidance in the context of workplace related practice. US research has been a little more extensive, and has postulated the scope for compassionate downsizing for employers managing lay offs and moving beyond a past emphasis on compensation for job loss. If Europe currently lacks such a theoretical underpinning, much is known about the context in which careers guidance might support restructuring.

First, the quality and maturity of enterprises' arrangements to support workers are affected greatly by the variable starting points for different countries. Adjustment practices by enterprises in Europe are highly diverse, set against a backcloth of wide contrasts in Member States in terms of legislative frameworks affecting companies in notifying job losses, and supporting and compensating those affected. This diversity is intensified by contrasts at national and sectoral level in industrial relations practice and social partnership traditions.

There are also wide variations in the career guidance infrastructure for adults in employment or seeking work across Europe, which can profoundly affect the breadth and depth of professional support services that restructuring enterprises can draw on. This is most notably for the capacity and professionalism of career

guidance support from public employment services where national evidence suggests these are often not well-fitted in their focus, funding or responsiveness to the challenges of enterprise restructuring situations. This legacy may be a significant constraint on restructuring practice and potential, especially in 'newer' Member States, where the necessary policy impetus (including public employment services, PES) seems to have developed relatively late.

Where there are established and structured provisions and capacity for adult-related information advice and guidance, Member States nonetheless vary greatly in the way they support workers in restructuring situations. In the restructuring processes reviewed in this study, much of the support to workers is provided through active or passive collaborations with external bodies. This is predominantly publicly-funded and affects smaller enterprises and large.

Enterprise-led practice seems to remain essentially reactive, and often very short-term in the support arrangements then implemented. The exceptions (in selected enterprises in Germany and Sweden) have seen enabling legislation and established social partnership structures encouraging medium and larger enterprises to be more proactive, developing and adopting collective solutions well in advance of restructuring decisions. This approach plays a significant role in 'work-security' focused adjustments, although such arrangements seem to cover only around a half of the employed workforce in those countries, and lack portability across national borders in Europe.

Across the oldest Member States (EU-15) there seems to be a common recognition that socially responsible practice requires some 'safety net' of support for employees to be made redundant or who are at risk of redundancy. However, there are considerable contrasts in what the expectations and provisions are for safety nets even where, for example, employment protection or stability legislation exist. While this may include codified periods of redundancy notification, a defined statutory entitlement to retraining, referral guarantees (to labour employment offices, for example), or legislative entitlement to 'buffer' periods for work adjustment and job search, the scope and content of these varies, often greatly, between countries. However, there is also no common view across Member States of what role career guidance should play within safety nets.

Outside minimum employee entitlements in lay-offs, such as referral to PES, career guidance is uncommonly a feature of 'safety nets' across Europe. Entitlements not related to support services for redundant workers, such as statutory notification periods may not be well aligned with guidance needs and circumstances, and may impair rather than help constructive and personalised career guidance interventions. Safety net arrangements seem to emphasise

notification periods, training subsidies or other vocational training support, but these may have limited choice for individuals affected and are not well-placed to support empowerment, by fostering individuals' abilities to manage their careers and work transitions.

The review shows that, across Europe, 'assisted leaving' rather than 'work-security' measures seems to be at the heart of how restructuring enterprises seek to help employees affected by lay-off. Here, direct counselling and guidance support to employees may be very limited in scale, and tend to be restricted, where it exists, to short term outplacement for some employees or the required referral to public employment services of individuals to be made redundant.

Career guidance and socially responsible practice

Understanding the role of career guidance, and its effectiveness, in supporting social responsible restructuring of enterprises, presents substantial challenges. There is, as yet, no consensus on what socially responsible practice would constitute, with little past evidence-based research to help shape understanding and definitions. At the same time, and although coming from very different national roots and expectations, local and regional policy measures are encouraging enterprise-level adjustment to go well beyond compliance with statutory or codified 'minimum' requirements for lay-offs.

Although this remains an often embryonic development, some common threads emerge for what might constitute socially responsible practice in enterprise restructuring. This would seem to emphasise a range of instruments that social partners working together can adopt to aid employees affected by restructuring. At its most mature, these will combine an early and preventive focus on 'work-security' to minimise and defer 'permanent' job losses, with both internal and external adjustments to support those who voluntarily chose to leave, or who are not subsequently helped by job protection measures. Enterprise-level evidence of how these practices work together is limited but suggests certain characteristics.

Work-security goes beyond remedial financial support to 'protect' jobs. Its emphasis is on prevention of job loss by active measures to support employability within the same or associated employers, and this requires imaginative, open and advance 'early warning' systems being put in place, combined with periods of advance notification for job losses rather longer than those commonplace in Member States. This can offer significant returns for enterprises keen to retain a highly-developed skills base, their commitment and

motivation, and to sustain capacity which can take advantage of better times. Direct costs for such measures may be set against savings from severance and compensation packages.

Job protection will be aided substantially by any existing arrangements established for flexicurity at the workplace. This will include training and guidance to enhance transferability in the workforce, based on anticipated changes in work organisation which can support job security. Prevention is an internally driven adjustment, but it may also be helped by proactive intervention from public agencies aimed at supporting retained employment in the short term, measures where public policy responses are as yet weakly-developed for restructuring situations across Europe.

Job protection measures may not be able to provide security for all affected by planned job reductions. Socially responsible practices in restructuring provide support for those who are eventual casualties, which goes well beyond compensation for job loss. Here, career guidance mechanisms, combined with other forms of support, such as continuing training, focus on active support of employee transition into new work or into education and training. Such guidance plus methods go well beyond what is often common practice, and are personalised to adjust to individual needs.

Guidance is not a substitute for vocational retraining and enhancement skills for those in redundant posts. This plays an important role in optimising chances of securing other work in the company, or externally where the training is most likely to be geared to realistic opportunities for re-employment, including enterprise start-up. The effectiveness of adjustment training requires integrated guidance support including aptitude and competence assessment, linked to active and passive measures of job brokerage which require up-to-date and credible labour market understanding and local relationships with employers and a wide range of agencies.

Socially responsible internal adjustments might also include pool arrangements for at risk employees, and other assisted 'right of return' arrangements. It is not clear what role early retirement might play in such arrangements but where this takes place it calls for a range of other guidance related support geared to life changes as much as employment transitions. In these circumstances, external adjustments supporting those losing jobs may then become more of an offer of last rather than first resort to support 'surplus' labour.

Socially responsible practices in restructuring place a premium on enterprise management, and social partnership, which can build structures to anticipate the consequences of restructuring. This will also establish the 'right' mixture for enterprises' internal resources and external cooperation. Even with appropriate

internal expertise and capacities, these interventions will include some external support for re-engagement of workers with the labour market, as well as with education and training.

Socially responsible adjustment in restructuring also emphasises equitable practices and effective access for employers to the support made available. Support should consider the needs and the nature of the surplus labour, and may have particular relevance in supporting the reintegration of vulnerable groups of employees who may have particular difficulties in re-engaging with the labour market. Identifying effective practices in this area has been difficult for the review, and held back by a combination of difficulties in isolating practice and of an apparent lack of differentiation of support in many of the existing arrangements. However, a combination of preventive and restorative work can be effective, again combining internal and external guidance and other adjustments. Here, restorative support will be highly personalised, with robust and continuing needs-assessment, and specific and often intensive adjustment arrangements to address those needs before and after displacement.

Support for vulnerable workers does not need to be differentiated in socially responsible practices where personalised services are embedded in the adjustment arrangements (through appropriate resources) motivation of those affected (through personalised action plans) and continuity of support. Socially responsible practices rarely go any wider than the permanent workforce of restructuring enterprises; they are not likely to be extended to casual, contract or short-term assignment staff, sub-contractors or suppliers in their supply-chain, and only rarely to family members of affected workers.

Enterprise capacity and collaborations

Beyond the case studies underpinning this review, there remains a lack of evidence-based research on guidance and enterprise restructuring, and particularly of socially responsible practices. These remain difficult areas for organisation-level research, and raise sensitive issues for enterprises in sharing their practices, motivations, resources and outcomes. This review has encountered widespread reluctance or hesitation to engage with the study, even amongst organisations known to have employed such measures, and only a little over a third of the enterprises identified with innovative or better practice have been willing to contribute as case studies. For those that have taken part, career guidance and other forms of support for those at risk of job loss from restructuring seem to follow the following patterns.

A proactive enterprise approach, beyond statutory requirements, seems to be atypical, especially for socially responsible practices involving career guidance. The exceptions (such as transfer companies and agencies in Germany) stem from refined and discretionary social partnership arrangements.

Guidance-related support is typically intensive and goes beyond available capacity in terms of resources of all but the largest enterprises. Enterprise capacities here usually rely heavily on specialist contractors, and usually a mixture of public funded services, such as PES, and commercially-orientated outplacement services.

For these external suppliers of guidance and other transition services, having in-depth knowledge of current and likely future demands in local, regional – and sometimes national and European – labour markets is an essential success factor. This requires active research and analysis, as well as cooperation with companies to gain ‘real-time’ understanding of where opportunities are, and not just ‘second hand’ knowledge of trends data.

In both proactive and reactive adjustment responses, most external services are supplied in partnership with the restructuring enterprise external bodies including PES, fully or partly publicly-funded. Partnerships are a means to provide expertise and human resources that enterprises themselves do not have, and to achieve cost-effectiveness in services provided by harnessing the mainstream services and resources of core public agencies.

Emerging enablers to effective collaborations – with PES and with other external services and suppliers – also emphasise the importance of preparation and advance planning to build clear working arrangements, and clarity in roles and responsibilities. Even where there is little or no development before restructuring, the evidence shows guidance-delivery partnerships need strong leadership, and cohesion, clear synergies and are best integrated by a client-centred approach to delivery.

Guidance-related cooperation also needs robust task management to support the effective timing, flexibility, quality and responsiveness of the support, which can be critical to career guidance interventions in restructuring situations. This is particularly the case if there is limited time available prior to employees leave a company following redundancy. These are becoming an important focus for setting up and operating rapid-reaction type responses where established social dialogue negotiated arrangements does not exist.

Rapid response programmes have a rising profile in restructuring adjustments but their focus is often not consistent with the principles underpinning socially responsible practice. In particular, evidence suggests a limited range of guidance-related support and modes of delivery in such schemes, more

restricted enterprise engagement and also limited customisation of the support and after-care services that provide for some continuity after redundancy.

Drawing this together, the review suggests a typology of socially responsible practice in harnessing careers guidance in restructuring, and where enterprises, and those working with them, may choose to act in one of four distinct ways: compliance, compliance plus, cooperative and transitional.

In compliance driven adjustment, the enterprise focus is on ensuring that its provisions for lay-offs meet national statutory or sectoral requirements. Provision for displaced workers here is rarely likely to go beyond minimum requirements. Job protection methods are unlikely to be involved, and internal or external adjustment will rarely involve guidance-related support. The emphasis will be on appropriate notification processes and minimum levels of compensation, and any required referral to public agencies.

Compliance plus adjustment goes further in compensation or support arrangements for displaced employees but with a continuing focus on 'assisted leaving'. Here, the main motive is likely to be not with at-risk employees but on establishing an environment for the lay-offs which sustain employee motivation among survivors and good employee relations.

Cooperative arrangements are essentially a community-centred emphasis, which may combine some aspects of job preservation with assisted leaving. Cooperative arrangements are not developed in isolation from other local or regional labour market developments, and involve active intervention, although usually short-term measures, to support worker transitions. The main emphasis is skills development services and integrated guidance to those losing their jobs. Public sector funding of extended activities is an important ingredient, including through rapid reaction arrangements, but there may be limited focus on personalised approaches or delivery.

Transitional adjustment is distinguished from other arrangements by combining preventive 'work security' measures with internal adjustments. Here, external adjustments of surplus labour are likely to be a last step in restructuring. Existing arrangements are likely to underpin both the provision made and also the way in which it is resourced. Various combinations of practice are involved, with guidance measures and personalisation of services to support vulnerable workers, as an embedded feature of delivery. The underlying emphasis is not with assisted leaving but on support of workers to empower their transitions, within the restructuring enterprise. Measures are likely to be wholly or largely funded by established local or regional support schemes, publicly funded.

This typology is presented here tentatively and as a basis for further review, but suggests that neither 'compliance' or 'compliance plus' adjustments can be said to conform to socially responsible practice in restructuring.

Innovations and effectiveness

An important focus of this comparative research is to understand the conditions for wider transferability of better practice. Here, there is very limited evidence of the impact of different practices beyond the short term. The review has, nonetheless, drawn out some cross-cutting issues for effective practice in achieving more immediate results.

Career guidance services within restructuring enterprises cannot be developed or applied in isolation from related services to support displaced workers and, in particular, direct brokerage, work trials, enterprise start-up support and underpinning training and retraining activities that respond to individual circumstances.

Career guidance support is more effective in restructuring situations where it is customised, and this calls for strategies where services are genuinely tailored to needs. These stem from adaptive arrangements for initial and continuing assessment of the displaced workers; while this may harness some group support, it emphasises individualised guidance.

Guidance-related support in restructuring may need to be improved for more vulnerable groups to reflect greater difficulties in labour market reintegration. This may go beyond low or 'redundant' skill groups to include longer serving employees with little or no recent experience of the external labour market. Without this, the extra support provided will not be sufficient to overcome greater disadvantage in the labour market.

Career guidance support in restructuring works best where it is based on robust local and occupational labour market information and networks. Practitioners supplying guidance, outplacement and associated brokerage to other employment or training needs are crucial intermediaries in supporting realistic judgments and decision-making. In fast-changing labour markets, the currency of labour market knowledge requires a wide range of local and sectoral employer relationships.

Effective organisational adjustments need robust, and often extensive, collaboration with diverse guidance and other service suppliers, and effective procurement of such services. The quality of integration, and partnership working, with those suppliers is crucial to optimising the opportunities for

displaced workers. Such collaborations can be newly forged, but work best where they draw on existing relationships both with the internal labour market of affected enterprises and the wider local labour market.

A special issue in effective collaboration is the quality and relevance of effective management information and customer relationship management systems. Where there are multiple sub-contractors and suppliers of different guidance-related services, there is a need for harmonised systems to provide for coherence and responsiveness to displaced workers, and to avoid confusion, duplication and even contradictory advice being given to the same individuals.

For smaller or medium-sized companies in particular, early integration of publicly funded support through both mainstream and other services is crucial to effective adjustment. This applies to mainstream PES services as well as to any specially developed sectoral or regional rapid reaction arrangements drawing together supplementary career guidance and related services. Effectiveness here, however, depends on the capacity, focus and flexibility of such arrangements which may not support socially responsible adjustment by enterprises well, particularly where PES services have limited capacity or focus support on people already unemployed.

The effectiveness of career guidance and related interventions is increased where this is of a longer duration and where those affected have the opportunity for continuity of support. For example, there are novel and longer duration 'pool' arrangements for some enterprises (Sweden and Finland) which are seen to be highly effective in securing sustainable re-employment, and some of the German transfer companies make provision for those supported to be able to return to the available services after re-employment. In addition, those who benefit from such arrangements over a longer timeframe are able to use this interval better to inform their choices about securing more sustainable work.

A key issue for effective strategies is the anticipation of likely future needs for guidance and associated services to support socially responsible practice. At present, arrangements for career guidance related support remain an uncommon feature. The specific needs for guidance of employees consequently risk being ignored when redundancy situations arise. Effective practice seems to call for direct action by social partners in this area as in the case of the Scandinavian and German case studies but rarely elsewhere.

This research can only go so far in assessing the effectiveness of any of those arrangements, or individual measures. In particular, the case study research cautions that, very little is known of the quality of different support arrangements beyond very short-term outcomes; the quality and depth of impact evidence is limited. The available short-term evidence suggests that outplacement support

and access to specially constituted job fairs may be a particularly effective, with re-employment rates for outplacement participants averaging nearly two-thirds (63%) for those restructuring enterprises able to supply evidence. Rates have been typically lower (42%) for local and restructuring support mechanisms (such as rapid reaction), although the sample size here is small.

However, the way these data are organised creates great problems for comparability of impact assessment by nature and duration of support, user groups and the forms of intervention. There is also a general lack of tracking or longitudinal evidence on the impact of career guidance interventions in restructuring situations, including those supported by regional, national and European funds. In most situations, this lack of impact evidence, including of deadweight effects, also seems to reflect the often very short time span that such support was available for many employees. The notable exception seems to be in Sweden where 'flexicurity' arrangements and empirical evidence on the effectiveness of these processes is seen as relatively rich, especially for the job security councils.

Issues and implications

This study shows Europe not only does not have a homogenous tradition of enterprise practice in supporting displaced workers, but it also lacks a system with any significant plural roots. Beyond often limited national or regional safety nets of provision, much of the use of career guidance as an active measure in managing restructuring seems to be peripheral or discretionary. At the same time policy is encouraging more socially responsible practices, although that encouragement and support is not always coherent. While there are emerging examples of innovation by restructuring enterprises and in local area collaborations, evidence of their effectiveness and impact remains, at best, conditional.

This presents policy-makers, including national and European social partners, with a dilemma, since the absence of evidence on effectiveness may be holding back wider use of more socially responsible practice. Without wider application and a willingness by enterprises and agencies to support more robust assessment such evidence will continue to prove elusive. Against this background, the review suggests an overriding need for more, and more systematic, evidence and review, in particular:

- focusing future research not just on exploration of practices and outputs but to include longitudinal evidence of how career guidance activities have supported

decision-making and behaviour of displaced workers beyond the short term. This reflects the likelihood that quality of 'new' jobs will be dictated by experiences over time and after a substantial elapsed period, and only then will displaced workers also be able to start to reflect on the contributions of support to their employability;

- generating impact evidence more routinely and cost-effectively by embedding the need for outcomes and tracking displaced workers in service delivery. A more effective and robust approach to assessing impact, going well beyond short-term operational targets, could be built into the procurement of guidance-related services. This would go a long way to filling this critical evidence gap, and the scope for this would be considerable where public funds are involved;
- addressing similar challenges where European level funds and programmes are also harnessed to support enterprise restructuring, in single employers and supply chains collectively. Here, existing requirements for project evaluation and provisions for progress or end of project reports could be usefully extended to collecting robust impact evidence as well as for evaluating issues such as added-value. Standardised arrangements would ensure consistency;
- conducting a specific review to assess what support it is realistic for SMEs to engage with beyond legal compliance, and how they may best engage with socially responsible practices in restructuring. Much of the evidence gathered here relates to larger employers; there is a need to understand better distinct SME needs, if supplementary support by public agencies here is essential, and in what circumstances the necessary collaborations are best developed.

The review contributes to raising understanding and awareness of what socially responsible contributions can be made at local level and the barriers to be removed, encouraging wider engagement of social partners and public authorities in taking forward these emerging issues.

1. The review

This comparative review on ‘socially responsible restructuring: effective strategies to support redundant workers’ was carried out shortly after Member States entered what was to be the deepest recession for over half a century. It placed special emphasis on employers’ use of career guidance and continuing training to help the reintegration of workers into employment. This review is produced as most European economies are starting to emerge from recession ⁽²⁾ although the European labour market is expected to be in depression for some time, and recent EU-wide projections (European Commission, 2009a) have suggested a continuing fall in employment levels of around 1.2% despite cautious growth (GDP) recovery. An early rise in labour market demand for more vulnerable groups of workers who have been especially disadvantaged by the economic downturn cannot be anticipated.

This report is timely in seeking to look at restructuring processes in enterprises that attempt to minimise the negative effects on employees at risk of redundancy and local communities. More specifically, the report explores the contributions of career guidance and continuing training to socially responsible restructuring. From established professional practice, career guidance covers career information, advice or guidance, individually or in combination with other forms of support, such as training, including both internally sourced services within enterprises as well as negotiated arrangements involving off-site support and outplacement supplied by public or private sector services. There are 16 case studies illustrating effective practices and innovation in supporting redundant workers, developed by enterprises and local partnerships. Supported by an extensive multi-disciplinary review of policy, academic and practitioner literature, the comparative review brings forward an inspiring pool of past and emerging examples of successful interventions in different sectors and enterprise contexts.

1.1. Scope, objectives and methodology

Although the review began at the start of the deep economic recession in 2008, it has not been concerned specifically with recessionary adjustment in enterprises.

⁽²⁾ The Draft joint employment report from the European Commission for 2009-10 has suggested gradual recovery across the EU with a projected 0.7 rise in gross domestic product (GDP) in the following year.

Different demands underpin larger-scale redundancies, in particular, the need for individual enterprises, enterprise chains, or wider sectors to respond to changing economic and technological circumstances. While the pace and pressures for change may intensify in recession, large-scale job losses from both large and smaller employers can occur at any time in the economic cycle. This review has consequently been concerned with the wider picture of the use and effectiveness of career guidance and continuing training in restructuring enterprises, within strategies to support redundant workers.

The aim was to provide practical evidence of how enterprise and locality responses to restructuring have provided equitable and personalised approaches, and ensured that affected individuals were supported to develop enduring capacity to cope with change in the labour market and workplace. More specific objectives have been to:

- (a) highlight and contextualise regional and national level responses and innovations in supporting at-risk workers, in particular the use of career guidance in socially responsible adjustment, through a comparative review;
- (b) examine existing evidence and expertise, by combining secondary research with a highly focused review of effective restructuring processes led by enterprises and local partnerships and support schemes;
- (c) assess a range of innovative and effective practices in different sectoral circumstances, which are transferable across diverse cultural, economic and infrastructural contexts of different Member States.

The review has centred on current European-level and some wider cross-national evidence of what constitutes effective practice, and the conditions affecting this, drawing on existing documentary evidence and a series of inputs from key stakeholders. At the outset, it was not clear how much available evidence might be drawn from existing research and the implications this might have for the focus and selection of case studies. To establish this, a comparative review was conducted of the available literature on trends in enterprise restructuring and the role of career guidance and counselling within these strategies across Member States. In the second research phase, practical examples of innovation and effective practice were analysed in-depth, in five sectors: automotive manufacture and distribution; financial services; public and associated utilities; consumer electronics, including ICT manufacture; and telecommunications. To this has been added a small number of case studies dealing with local or regional partnerships aimed at supporting a range of local employers in restructuring. A total of 44 enterprises with appropriate experience were identified; 15 of these have supported review case studies. To these were added four case studies reflecting local strategies. At a later stage, the case

studies were reviewed by the restructuring enterprises and public agencies concerned, and discussed in a wider peer review by selected agencies and experts who critically considered emerging findings and implications. In the end, 16 examples of services supporting redundant workers are included in this report, as an illustration of better practice of socially responsible restructuring.

In addition, the review has also engaged with selected communities of practice, and specifically the European lifelong guidance policy network (ELGPN) where national representatives in Member States were asked to provide any separate reflections on innovation and practice, and also informally, the European Employment Observatory. Semi-structured discussions ⁽³⁾ were conducted with selected key experts, including representatives of the European Commission and its expert centres, where there has been direct engagement in research relevant to this review (Cedefop, EuroFound, ETF) as well as representatives of social partners (European Trade Union Confederation (ETUC) and Business Europe, and key professional networks, such as the European Association for People Management (EAPM) on HR issues, and the International Association for Educational and Vocational Guidance (IAEVG).

Drop-out amongst the proposed case studies proved a major constraint, with only just over a third of the initially identified enterprises being willing to participate in attributable case studies to inform the review ⁽⁴⁾. In contrast, only one of the local intervention mechanisms that support restructuring processes in enterprises declined to take part. This high level of drop-out among enterprises, in their willingness to share experience, seems to centre on what managers in those organisations saw as the extreme sensitivity of the subject matter, and the need to manage risks associated with brand image.

In the process, the withdrawal of several proposed case studies meant that no available experience was tapped in five Member States and EEC countries, and specifically in Bulgaria, Denmark, Netherlands, Norway, and Portugal, but additional cases were identified in Latvia and Finland. The case study focuses on examples of enterprise and partnership-led innovation and better practice in a small sample of European economies, identified from early national review and secondary research. The sample comprises both mature and more recent restructuring arrangements, from larger economies such as Germany and the UK, and smaller economies such as Ireland, as well as from mature market economies as in Sweden and those of central Europe, such as Latvia and Slovakia. To support the wider transferability of the findings, the selection of case

⁽³⁾ Interviews involved a mixture of face-to-face, telephone, and supplementary e-mail contacts.

⁽⁴⁾ One of the final case studies, which had initially agreed to participate, subsequently requested its information be used only on a non-attributable basis.

studies has included Member States with well-established and mature traditions and professional practice in career guidance for adults, as well as a few where such services are essentially embryonic. While the economic recession provides the backcloth of the analysis, the review has included examples of well-established and more recent restructuring arrangements before the recession, harnessing career guidance.

1.2. Report structure

This report draws together the findings and implications arising across the secondary research and the case study analysis in seven chapters that look at:

- (a) the contextual evidence of regional and national responses and innovations in the use and development of career education and training in enterprise restructuring (Chapter 2);
- (b) the effective contribution of career guidance to socially responsible practices in enterprise, sectoral and local area adjustments to redundancy situations (Chapter 3);
- (c) enterprise capacity for supporting career guidance to at-risk and redundant employees, and enterprise approaches to extend that capacity through external partnerships and collaborations (Chapter 4);
- (d) current innovations and emerging better practice to help at-risk and redundant employees reintegrate with employment and to develop the capacity to cope with change in the labour market and workplace (Chapter 5);
- (e) the supporting set of validated case studies presented in Chapter 6;
- (f) issues and implications for widening the use and development of innovative and effective practices which are transferable across diverse cultural, economic and infrastructural contexts of different Member States (Chapter 7).

Chapters 3 to 5 seek to draw out some specific illustrations from the completed case studies. The empirical evidence is substantial, but there are contrasts between the case studies both in the range and depth of services provided, and also in the experiences generated; these are also reflected in the report.

Chapter 7 draws some concluding remarks about the nature and effectiveness of support services to affected employees in a selection of restructuring situations, while considering also some policy implications and actions needed to expand socially responsible practices in restructuring. The last chapter considers

substantial research gaps which remain, not least on the impact of diverse practices in enterprise restructuring. A glossary of terms and a selected bibliography are added, as are supporting annexes on the case study contexts and practice (Annexes A to C), and a summary review of redundancy provisions in selected Member States (Annex D).

2. Enterprise restructuring and career guidance

This analysis brings together a contextual review of enterprise restructuring, together with empirical evidence of innovative and effective practices at sector, enterprise and local level. This chapter details the background of this review, both in relation to enterprise restructuring and to the support provided to redundant and soon-to-be redundant workers, based on desk research. It considers:

- enterprise restructuring in context and, in particular, the effects of recession and structural change;
- the state of development of career guidance in supporting employment and employability in Europe;
- opportunities for enterprises and, more widely, the social partners to develop socially responsible practices to assist workers affected by restructuring;
- the role of public policy at present and prospectively in supporting or stimulating wider area responses;
- the roles and scope for action of individuals directly affected by restructuring;
- research challenges related to innovation and effectiveness in enterprise restructuring, and conditions needed to support transferable messages and practices.

This chapter aims to provide a backcloth for the review and a context for understanding how those citizens caught in restructuring situations within enterprises are supported to reintegrate with the world of work. The main evidence sources here have been the wide range of literature, together with inputs from policy stakeholders, and peer review.

2.1. Enterprise restructuring: recession and structural change

While this review has been taking place, there have been intensifying effects of recession across Europe, leading to widespread job losses and redundancy. The most pessimistic estimates suggested a fall in demand for new workers across Europe in 2009-10 approaching a third across the EU, a labour market which has shrunk by nearly 2% in a single year, and losses approaching four and half

million jobs (European Commission, 2009a). Many of these job losses have also affected sectors where such employment effects in past economic downturns have been limited, including the financial and businesses service sectors.

Although the economic downturn remains a critical backcloth to this review, the empirical basis for this study is not limited to recessionary impacts through job losses. Instead its focus is on enterprise restructuring more generally, a more enduring challenge for a dynamic European economy, and where the term 'restructuring' has been defined by the European Commission (2008c) as:

'A modification of a company's workforce that affects both the latter's qualitative (skills and qualifications required) and its quantitative features (number of jobs) following adaptations to the company's structure, organisation or production' (p. 1).

In these terms, the private sector in Europe is being affected by widespread restructuring effects of a globalising market, shortening product cycles, competitive pressures and other structural changes. To this is added an accelerating process of acquisition and consolidation in capital markets, driving new corporate models, structural changes and intensifying downward pressures on business costs. Corporate restructuring is undertaken in response to a range of frequently interrelated factors such as changes in management and market, demand, the introduction of new processes or the arrival of new competitors, and is seen as necessary for companies to remain competitive. In public and related services, the causes may have been different but restructuring has been driven by sometimes equally relentless pressures on cost-efficiencies, deregulation and in adjustment to novel forms of service organisation and delivery. In both the private and public sectors such pressures include continuing technological change and adjustment, and go far beyond irregular cyclical changes in the world economy.

These pressures on businesses are not new and have intensified since the oil shock crisis of the mid-1970s. Organisational research in the UK (CIPD, 2009) now suggests that multi-national and other large companies in the early years of the new century were undergoing major change about once every three years, while more localised changes were even more frequent⁽⁵⁾. Successive studies of employment trends have also drawn attention to the effects of such volatility in organisational scope and structures on employment opportunities and needs.

⁽⁵⁾ It is clear from research, that there is substantial variation in the success of reorganisations. For example, in the UK, CIPD (CIPD, 2003) found that nearly half failed to achieve desired improvements. Key issues identified included that only just over a quarter (27%) of organisations offered training to those managing reorganisations and: 'a third of respondents indicate that the performance of employee-related factors, such as retention and motivation, improved as a result of the reorganisation' (p. 12).

The Council resolution of 2008 on lifelong learning and guidance (Council of the EU, 2008) reflected on these effects and suggested that across Europe:

‘Citizens’ lives are increasingly characterised by multiple transitions ... from employment to unemployment, further training or departure from the labour market’.

Job losses and related changes resulting from industrial restructuring have also been accelerating in the past 40 years (McKersie and Sengenberger, 1983). Since then, regional and national responses have tended to be dominated by what was called the social disruption model and have sought to minimise disturbance to social and employment structures. Regional and national schemes to manage restructuring were often supported by European structural and social funds, with a particular focus on early and short-term transitions.

The track record of such responses has been patchy, with early adjustment support often providing little evidence of impact on enterprises and individuals beyond the short term. Over 30 years ago, Birch suggested in an influential study that such structural change at organisation level could be seen as an organic process in maturing regional economies. He saw scope for harnessing adjustment on sound economic, entrepreneurial and social principles, including integration with other development agendas such as enhanced responsiveness of publicly-funded education and training to regional skills upgrading. As research has started to show, such adjustments have much to offer in developing a more dynamic and responsive approach to the effects of restructuring of enterprises on local and regional economies.

The public face of restructuring is inherently negative due to immediate job losses but the consequences of such changes are much more complex. When viewed across enterprises and across sectors, adjustment does not lead just to job losses but to change in the evolving nature of work itself and occupations, and on the wider process through which jobs are developed and engaged in the labour market (Handy, 1989). Changes linked to restructuring can also be seen to have positive effects (Gazier, 2005; CIPD, 2003) which are less transparent than immediate redundancies. Consequently, the European Commission estimates that restructuring also brings new opportunities ‘as evidenced by the creation of 12 million new jobs across the EU from 2000 to 2007’, but needs to be managed carefully to reduce the negative effects of such adaptations. Other estimates from Cedefop (Cedefop, 2008b and 2010) before the recession had suggested this expansion would continue, and at a similar level, to at least the middle of the next decade, and showed (in a 10-year projection from 2006) generation of over five times more jobs in growth sectors, such as business and other traded services than in primary industries and manufacturing industries.

Effective and socially responsible adjustment is vital to the health and effectiveness of the labour market to curtail the scope of job losses and the longer-term impact on employees and their families across Europe, as the most immediate casualties of restructuring. The quality of this adjustment (European Commission, 2008a) requires that European citizens are equipped to manage labour market changes more effectively and have access to information advice and guidance (IAG) to develop their skills, and to better manage their work choices and careers. This has been reinforced by the Council Resolution of November 2008 (Council of the EU, 2008) on guidance and lifelong learning seeking to stimulate action to build guidance capacity and quality for vocational guidance which 'should enable jobseekers to identify the competence required to move to new jobs where there are skill gaps'.

Job displacement in most situations will go beyond the company announcing job losses, by affecting suppliers, and have negative multiplier effects more widely, as consumer spending from those losing jobs falls. While public attention may focus on the employment and social costs of high profile corporate downsizing, it is often SMEs as either supply-chain producers or indirect casualties who bear the brunt of restructuring effects and employment impacts. The scale of these effects have been recognised in Europe's own efforts to support the costs on enterprises of a such adjustments in the European globalisation fund (EGF), an issue returned to later.

Since 2002, Eurofound's European restructuring monitor (Eurofound 2007) has been monitoring the extent of restructuring in Europe ⁽⁶⁾. Despite this extensive work, in a recent report on restructuring, the European Trade Union Confederation (ETUC) indicated that empirical knowledge is still limited and noted that

'... every year – 10% of all European companies are set up or closed down ... what we don't know is: what proportion of these figures might be regarded as being the result of various forms of restructuring? Which types of jobs in terms of quality, payment and working conditions are lost and which types are created? What are both the quantitative and qualitative effects of restructuring on regions and regional development prospects? What effect does restructuring have on industrial relations and representation of interests' (ETUC, 2007b, p. 10).

The first sectors in Europe affected by 'new' competition were associated with a radical change in the international division of labour, stemming from new Asian competitors. In the early 1970s, job losses were associated most strongly with

⁽⁶⁾ The ERM's focus has been the consequences for employment, collating and analysing announcements of job creation and job losses across the EU and Norway.

textiles, clothing, electrical ‘white goods’ and optical equipment, followed in the late 1970s and mid 1980s by shipbuilding, steel production, the automobile industry, and mechanical and electronic engineering. Since then, a wider range of industries and sectors with international exposure have been affected. Subsequent developments in information and communication technology (ICT) have permitted more efficient coordination of global supply chains, opening up the potential for greater specialisation in the supply chain. This applies not just in the final products but also in functions or tasks within all parts of the production and traded services sectors.

According to the ERM 2007 report (Eurofound, 2007), ‘off-shoring’ – the shift of identifiable jobs in Europe to other locations – points towards a new globalisation phase starting to gather momentum. Manufacturing continues to dominate the job losses, particularly in labour-intensive mid-technology sectors in the established Member States (EU-15), with jobs predominantly moving to the most recent Member States (NMS10). The only service sector with significant off-shoring is banking and insurance, with jobs being transferred to Asia. Despite widespread assumptions to the contrary, less than 8% of all jobs lost in Europe were due to off-shoring with little evidence of a significant increase ⁽⁷⁾.

Restructuring is becoming a continuous process, as increasing flexibility is required of enterprises and employees. The measures that accompany restructuring need to be closely linked to political and legislative mechanisms that frame how the labour market operates and organises adjustments. The policy challenge has increasingly been centred on proficient management of the adjustment process (ETUC, 2007a/b). The way employers’ social responsibilities are interpreted affects the content of the ‘redundancy programme’ itself, against which any career guidance interventions and other forms of support to redundant workers are set.

2.2. Career guidance, employment and employability

In describing career guidance, the OECD, as part of a widespread review of guidance in different national contexts, indicated that ‘career guidance refers to services and activities intended to assist individuals of any age and at any point throughout their lives, to make educational, training and occupational choices and to manage their careers. The activities (...) include career information provision (in print, ICT-based and other forms), assessment and self-assessment

⁽⁷⁾ The ETUCs report also provides a range of useful and complementary data.

tools, counselling interviews, career education programmes (to help individuals develop their self-awareness, opportunity-awareness, and career management skills), taster programmes (to sample options before choosing them), work search programmes, and transition services' (OECD, 2004). The learning outcomes of guidance are defined as 'the skills, knowledge and attitudes which facilitate informed and rational occupational and educational decision-making, and the implementation and educational decisions' (Killeen and Kidd, 1991).

More recently, there has been a developing European focus on guidance in relation to lifelong learning. At European level, Council Resolutions (Council of the EU, 2004 and 2008) established policy links between enhanced guidance provision and empowering individuals to manage their own career paths, in changing and volatile labour markets. Nonetheless, little research has considered guidance in the context of workplace related practice and even less in restructuring contexts. Against this background, the focus of this review remains unique. Guidance support within restructuring enterprises is likely to be subject to contrasting national regulatory frameworks, as well as very different career guidance capacity in the public and private sector. In supporting those who have been, or are likely to be, made redundant, a range of career guidance interventions and training are potentially available and might include:

- (a) individual career counselling and guidance including the possible use of psychometric and other assessment tools, such as mapping available skills;
- (b) support and training, including personal development, upskilling, upgrading occupational knowledge, and acquiring transition skills linked to labour market search;
- (c) access to alternative employment through job fairs and job placement, as well as coaching and other support whilst individuals are in transition.

A comparative study on public employment services (PES) and career guidance services for adults (Sultana and Watts, 2005) emphasised the potential role of PES-based career guidance in supporting restructuring related displacement of workers. It acknowledged that services actually available were 'narrowly focused on the unemployed' and not those at risk of unemployment or protracted job search. Another comparative study by the European Commission explored in 30 countries the role of PES in the development of 'flexicurity' interventions (European Commission, 2009c). PES could support employment security by ensuring timely transitions between jobs, through cooperation with employers in advance of redundancy. In practice, however, the 2009 review found multiple pressures on PES delivery and an emphasis on reactive rather than preventive services in those circumstances.

Some of the available comparative evidence on statutory obligations of employers to support redundant workers is dated and may take little or no account of important developments in legal frameworks or in company practice that goes beyond these. Career guidance patterns and processes in restructuring situations are affected by different countries' variable starting points in terms of the capacity and professionalism of career information, advice and guidance to adults in employment. This legacy constrains the breadth and depth of restructuring practice, especially where there is little or no tradition of lifelong learning for employees, as was often the case in newer Member States.

The current review sought to conduct a series of updated documentary reviews in eleven selected EU and EEA countries, in Bulgaria, Denmark, Finland, Germany, Ireland, Latvia, Norway, Portugal, Slovakia, Sweden, and the United Kingdom. In the oldest Member States covered by the review, there were more comprehensive career guidance services, including some highly evolved practices to support employability and lifelong learning, such as in Denmark. However, tensions were apparent between career guidance emphasis on individual wellbeing and sustaining employability, and other services focusing on near-labour market transitions and rapid integration in the labour market, rather than empowering individuals in a lifelong capacity to manage their own careers.

Across the seven EU-15 Member States reviewed orientations varied but the emphasis was most commonly on training-related information and personal support, not specifically on re-employment, job and career changes. New investments in some of these Member States in guidance services for adults, such as in Denmark and Norway, were specifically geared to individually-centred access to lifelong learning, helping adults select appropriate training and vocational qualification routes. With the increasing availability in some Member States of specific ICT and telephone-based services ⁽⁸⁾, there is a growing trend towards self-help guidance, especially in PES-based provision (Sultana and Watts, 2005). Cost-effectiveness makes it necessary to ascertain when face-to-face and individual assistance bring an added value, and how they can be differentiated to meet the needs of different groups.

⁽⁸⁾ See: Careers Advice Service, previously managed on behalf of the UK Government by learndirect: <http://careersadvice.direct.gov.uk/> [cited 10.5.2010].

2.3. Challenges and opportunities of socially responsible practice

This review concerns how guidance practices assist socially responsible approaches to enterprise restructuring and, in particular, to enduring employability of redundant workers. The focus on socially responsible practice and on vulnerability of particular employee groups is well-timed. The Council Resolution of November 2008 (Council of the EU, 2008) on better integrated lifelong guidance within lifelong learning strategies emphasises the importance of solidarity and social cohesion in developing effective guidance processes that can empower citizens in their own informed career management for work and life transitions. Through a particular focus on vulnerable groups, the resolution stresses the need to boost the work and life chances of those least able to be empowered in their own career management without appropriate support.

Socially responsible guidance-related practice in restructuring has not been a significant area for past empirical assessments. Gazier (2005) reviews the range of instruments company managers, trade union officials and other local stakeholders have to manage, a 'socially responsible workforce adjustment', including identifying desirable measures, and present suggestions for decision-makers. There is no evidence-based model of socially responsible practice, or a consensus on what this means. Against a background of diverse national legislative frameworks and guidance capacities, socially responsible restructuring is the subject of contrasting and even conflicting interpretations. As a formative contribution, Auer (2001) summarised socially responsible restructuring actions under three key headings: prevention of lay-offs; internal adjustment; and external adjustment. The prevention of lay-offs may be influenced by regulatory requirements, usually through employment protection regulation or as a result of previously determined collective agreement or unilateral responses of enterprises. Here, from a socially responsible perspective, services might include:

- (a) warning systems, beyond the advance notification procedures which are compulsory in certain countries, although with various periods of advance notification;
- (b) training and development of human resources to create a flexible and transferable workforce, often including guidance-related support;
- (c) investment in worker employability, with greater emphasis in training on skills that promote mobility;
- (d) changes in work organisation to support job security.

Internal adjustment services tend to include training linked to the temporary management of surplus labour, either funded by the company, or most often jointly by the company and the public authorities. Training enables firms to restart or reorient business, when circumstances permit, with a more highly skilled workforce. Further, working time changes are a potentially powerful instrument for coping with temporary and permanent redundancies, which may have been underused in past restructuring circumstances in favour of more immediate measures. Finally, leave schemes with right of return to the workplace, variously funded, are constrained by the relative unpredictability of economic cycles.

With external adjustment, the processes involved in enterprise restructuring generally start with adjustments in the allocations and roles of white and blue-collar personnel, to allow surplus labour to be shed, typically among non-permanent employees including sub-contract labour. Beyond this, in-company responses to restructuring which involve displacing permanent employees take numerous forms and involve different levels and types of career guidance interventions. External adjustments are led and usually also funded by the company, although they may be a part of a support package which also involves some external intervention. Within this, downsizing, outplacement and career development at work are the three main forms of enterprise adjustment to changes in production and market demands. These are not mutually exclusive and may be used in different combinations for different types of displaced or at-risk employees in the same restructuring situations; previous research has not explored how they affect different groups of vulnerable workers.

Organisational change frequently leads to significant internal redeployment and the need to downsize, by making a number of job roles redundant and by reducing the number of employees. Conversely, in situations where there is no office or plant closure (CIPD, 2003), it can lead to new recruitment or the redeployment of staff into what is sometimes referred to as the 'right-sized' workforce. While still a feature of downsizing in some sectoral contexts, and notably the public sector, early retirement is now less commonly used in Europe than a decade ago, usually due to differential costs.

A number of reviews on effective practice in downsizing, in particular in the USA where it has dominated corporate approaches, have defined key features of good practice across the public and private sectors (National Performance Review, 1997). In particular, planning for downsizing requires the development of differentiated business plans across the organisation – including identifying work processes that will not be needed in the future – and the use of multiple strategies and techniques to accomplish goals, which helps to leverage the outcome by producing more options for workforce reduction. Successful

approaches also include parallel support for the survivors, the workforce remaining after the downsizing. This US practice review suggested that both public and private organisations that had successfully downsized, had commonly provided structured and well resourced 'career transition assistance' to both separated and surviving employees. This included 'skill and career transition training, relocation assistance, outplacement assistance, CV writing assistance, access to office equipment, paid time off, child care, financial counselling, and access to job fairs and to Internet job placement sites'.

According to a more recent survey by the American Conference Board (Muirhead, 2003), 'compassionate downsizing' concerns offering services 'beyond outplacement' and 'to help transition employees with respect and care'. It can become an opportunity for business success by 'preserving employee morale and generating continued goodwill in the community'. Most respondent firms offered, in addition to severance pay, outplacement support, job placement assistance, and priority consideration for reassignment to another job within the company to employees who have been laid off. Some improved their severance packages by providing to displaced workers, and those at risk, career and educational counselling, interview coaching, as well as education and training benefits supplementary to outplacement. Notably among most of these firms, education and training support was additional to career counselling and not a replacement for it, though more than three quarters of the firms surveyed providing education and training benefits were more likely to offer these to middle management and technical employees than to other levels of staff. The term 'compassionate downsizing' has no currency as yet in Europe. What underpins the practice in these US enterprises seems to be that social responsibility in restructuring had a strategic significance. The top four reasons for offering transition benefits were to sustain the morale of retained employees; demonstrate the company's commitment to remaining employees; manage former employees' perceptions of the company; and maintain the company's reputation in the community. As Summerfield (1996) has argued, increasingly lean companies cannot afford to be seen to be mean. Recent work in the UK (CIPD, 2009) has highlighted the monetary, as well as reputation costs that come from downsizing. Many large employers in Europe offer outplacement support when they make people redundant. Just as with other forms of career development support at work, the level and intensity of support is often related to the seniority of those being made redundant.

A comparative assessment of the processes and content of collective dismissals in four northern European Member States drew attention to this differentiation of career development support (Storrie, 2007). It also noted the

more proactive support addressed to a larger range of employees and its effects, in both Germany and Sweden, linked to processes of collective bargaining and social dialogue which seemed less well developed in this respect elsewhere. Looking at a narrower range of experience, Vogler-Ludwig (2006) has come to similar conclusions about the utility and effectiveness of the German approach to company-level negotiated outplacement within transfer companies. Stakeholder feedback to this review suggests that empirical assessments here are limited and have been held back by the inherently competitive nature of externally-sourced services such as outplacement. More evidence on outplacement practices is available where there are social partnership or negotiated transfer arrangements providing such services direct, showing highly cost-effective practice (Biewen, 2006; Knuth, 2007) in countries such as Germany.

Reconciling the three interrelated issues of business development (whereby companies have a focus on their 'bottom line'), workforce development (where the skills of the workforce are developed to maximise business development and profitability), and individual career development (whereby individual employees are seeking to fulfil their own goals and aspirations through effective career management), is a complex issue (Bysshe, 2006). According to a Cedefop report on career development at work, key trends include the lack of an effective strategy for providing career development opportunities to the workforce; the increasing role for intermediary organisations, such as trade unions, in delivering career development to employed people; and the importance of individuals being able to acquire the skills and knowledge necessary for successful career management (Cedefop, 2008a). The Cedefop report suggested that much remains to be done to deliver the best career development to people in employment and that governments, and social partners, urgently need to explore ways of working together effectively.

However, to these forms of adjustment, can be added others determined at enterprise level, which usually do not include any career guidance support and may dominate current practice. Towards the middle of the 20th century, four main instruments were used to deal with restructuring and relocations: subsidies to maintain activity and employment; short term restructuring of working hours to reduce working time; natural wastage, in particular not replacing or renewing the workforce, and early retirement schemes (McKersie and Sengenberger, 1983; Gazier, 2005). This combination of instruments dominated restructuring in developed countries between the 1950s and the 1970s. As labour market activation becomes the watchword across Europe, early retirement nevertheless seems to keep its appeal in restructuring policies, despite its limitations and its

age discriminatory effects (Guillemard, 2003; OECD, 2006) ⁽⁹⁾. According to a comparative examination of choices to manage restructuring, the early retirement option is often chosen even though it is expensive for the company itself and for public authorities, specifically because it is a way to 'buy' harmonious industrial relations and commitment from the remaining workers. In this context, early retirement schemes are considered a concession for the 'increasing efforts demanded of employees' and, in many countries, 'a right by older workers threatened by globalisation'. Still, some active labour market measures are restricting early retirement schemes or making them less generous. In Germany and France, early retirement schemes are being restricted in favour of job search exemptions for older workers who are the 'victims of economic redundancies' and are merely covered by unemployment insurance (Courtioux, 2001). On the available evidence, early retirement, which in the past had a high profile within socially responsible adjustment, may be diminishing in importance, at least in Europe. If so, the emphasis will be placed on processes which support the equitable transition of those displaced into other economically beneficial activity, such as alternative employment, as well as education or training to support current or future employment transitions of those affected.

2.4. Understanding the national contexts

The diversity in enterprise responses to restructuring stems partly from different national contexts, available infrastructure to support enterprise adjustment and legislation affecting enterprise response. With a selective focus on 11 countries from which case studies were to be drawn, and centred on national documentary sources and consultation with experts, the current review has highlighted highly contrasting contexts, in relation to career guidance capacity, legislative frameworks within which enterprises operate, and, more specifically, the terms and conditions of collective redundancies. Here a key issue concerns the statutory collective redundancy provisions among the Member States covered in the review (see Annex D).

The definitions of what constitutes a collective redundancy vary. In some cases, such as Bulgaria and Sweden, there is no strict definition, and national practice for managing job displacement seems determined by general legislation on dismissals. Most of the Member States included in this review have specific parameters for codified support of those made redundant, usually based on a

⁽⁹⁾ See: <http://www.oecd.org/els/employment/olderworkers> [cited 7.5.2010].

minimum number of job losses. This varies from at least five employees in Ireland to 20 in Slovakia and also the UK. In most cases, enterprises also need to comply with a formal notification period, such as 30 days, when the jobs are planned to be terminated. All of these countries have some provisions for notifying not just the individual employees concerned, but also their representative organisations, including works councils and trade unions. Often the notification requirement is a function of the extent of the planned job losses in relation to the size of the establishment. For example, in Austria an enterprise with 20-100 employees would need to notify only where at least five employees were affected, rising to at least 30 employees where the workforce is more than 600 employees.

An important issue for guidance-related support in enterprises undergoing restructuring is that, in addition to notifying the representative bodies, it is common practice to inform the local office of the public employment service or labour office. In some cases, this is also a codified requirement but with the time periods varying greatly. In Sweden, the notification period is particularly generous, starting at a minimum of two months for 5-25 redundancies, to six months for over 100 job losses at an establishment. Compliance requirements go beyond notification and, in most Member States, employers must provide comprehensive information to the employees and their representatives on the reasons for the redundancies, who is likely to be affected and the selection criteria, as well as the proposed timetable for implementation. This is principally aimed at aiding consultation which is also largely enshrined in the legislation. For example, in Germany the works councils are required to respond within a set time with proposals to be included in the social plan that will support employees in the transition to new jobs. Elsewhere such arrangements may be conventional practice but may not have a statutory basis. For example, a social plan is also a normal outcome of consultation in Latvia, though there is no legal requirement for this to be done.

Those at risk of redundancy may also find their expectations of re-engagement in the labour market and their aspirations for further education and training affected by financial and related compensation for job loss. Here, statutory redundancy payments show highly varied practices. Among these 11 countries there are minimum levels of severance in most (Bulgaria, Denmark, Ireland, Latvia, Austria, Portugal and the UK) but not all. These range from one-off payments regardless of length of service (such as one month's gross salary in Bulgaria) to a range of entitlements based on length of service, such as in Ireland and Latvia, to the only one based on age and length of service, in the UK. The Austrian system is unique; the employer contributes on a regular basis to a fund

for each employee which is transferable between jobs and can also be accessed when an employee leaves the job for any reasons, including voluntary ones. Others, such as Germany, Finland and Sweden have no statutory rights to redundancy pay, with reliance instead on the provision of the negotiated social plan or previously agreed terms and conditions set out on collective agreements. However, in all Member States, negotiations at the time of the redundancies and collective agreement provisions can improve any statutory payments and often do.

There is common recognition across the 11 EU and EEA countries reviewed that socially responsible practice requires some 'safety net' of support for employees to be made redundant and, more occasionally, at-risk, although there are great contrasts in defining what that safety net covers. For example, in addition to redundancy related provision, employment protection or employment stability legislation exists in a number of Member States (Bulgaria, Ireland, Slovakia, Finland and Sweden). However, only in the Swedish context do these seem to have a significant role to play in restructuring management at enterprise level. Other features of safety nets include:

- (a) vocational training support seems to be the most common area of standardised entitlement but with widely different provisions in terms of when this is engaged, its scope and focus;
- (b) there is a trend reflected in all of these Member States for this codified, and usually obligatory, notice period to be less intensive. Finland, for example, has seen the period reduce from 13 to six weeks, and in Sweden the minimum legally defined period, subject to change by collective agreement, is just 30 days. In such cases, this would seem to leave little time for any career guidance related interventions to have an impact on early re-employment;
- (c) other developments in flexicurity are being considered in some of the reviewed Member States (Finland and Norway) and may emerge as the recession continues, but any practice here seems to be mainly at enterprise discretion.

Safety nets also may include some statutory entitlement to retraining of those affected by redundancy, although this may vary between those seeking displacement, voluntary redundancy, and those not. In some countries this may be linked to training subsidies for at-risk employees (Slovakia). Finland's working life constitution also sets out provisions for employers to retrain employees at risk of displacement where redundancy can be prevented by training. Added to this, safety nets often include a statutory or codified requirement to referral to employment placements, usually through the public employment services.

In a number of the Member States the emphasis in establishing minimum service levels, including career information and related guidance services, stems less from regulatory provision than from an emphasis on previously negotiated collective agreements for restructuring or job displacement situations. However, the characteristic content of these varies greatly and may focus on notification periods and processes, financial support, PES referral, and retraining provision, either through public or employer supported services. Only Germany, Norway and Sweden of the review countries have agreements that commonly might involve provisions for career guidance to redundant and at-risk employees, although some specific sectoral agreements elsewhere may make similar provisions. Consequently, one-to-one career guidance and related support is rarely a feature of some of these statutory entitlements and is usually peripheral to other forms of joint obligation in employee support.

Where there are formal requirements for restructuring companies to provide guidance or guidance-related support, individuals to be made redundant are often referred to public employment services or, less often, to specialist provision set up for redundancy contexts, usually within some obligatory notice period. National reviews in Finland and Norway have acknowledged that PES career guidance capacity is strongly orientated to meeting the needs of unemployed people and, in particular, the long-term unemployed, with these services having limited effectiveness for employees anticipating job loss or newly redundant. Differentiation of PES services to address reemployment prospects of soon-to-be redundant workers is rare (European Commission, 2009c).

Statutory referral to guidance and placement services has also been introduced in some countries in the last two years but it seems a short-term measure responding to the global financial crisis and recession. In the Slovakia, for example, there has been additional support in the regional offices of the Headquarters of Labour (PES) for employees affected by large scale redundancies due to the financial crisis ⁽¹⁰⁾, and this seems to be one of the few active labour market measures targeted to employees at risk of redundancy.

Evidence from comparative research and from national sources suggests that beyond limited safety nets, much of the use of career guidance as a socially responsible measure in managing restructuring is discretionary. However, there seem to be two specific exceptions in the reviewed countries, Germany and Sweden. In the latter, collective bargaining practices supporting socially responsible restructuring have evolved to provide for significant but not universal support, and this is shaped through legislation (Storrie, 2007). The 1974

⁽¹⁰⁾ This specifically excludes in national project 100 the more vibrant regional economy of Bratislava.

Employment Protection Act (¹¹) introduced provisions on notification periods, requiring the employer to try to prevent redundancies and to account for the economic decisions resulting in lay-offs. The Co-Determination Act of 1976 also obliged employers bound by collective agreements to consult with the trade unions on organisation changes, including those affecting employment levels. Finally, the scope for action within collective agreements in restructuring situations was significantly extended by further legislation in 1993, which abolished what was then a PES monopoly on placement activities. Beyond these national frameworks for practice and minimum requirements, the responsibility for managing restructuring in Sweden, and the processes engaged, rests essentially with the firms and the social partners, both at sectoral and enterprise level. Underpinning this, there is no works council and negotiation takes place directly between trade unions and the company management. The threshold for participation of trade unions in the executive decision-making body, such as the company board, is relatively low, currently above 20 workers. Social partner negotiation is also used for setting up outplacement bodies within sectoral and enterprise level agreements, as job security councils, usually at branch level.

A first major Swedish agreement was signed in 1974 and now centres on 14 collective transition insurances, covering an estimated 50% of Swedish employees. Recent research suggests these arrangements support 40 000 job transitions every year (¹²). Social partners have variously negotiated a wide range of job security and adjustment agreements in Sweden with the aim of both anticipating and more effectively managing enterprise restructuring. While arrangements vary from one agreement to another, there are some more common features on what has been referred to as 'transcurity'. This system grants displaced employees training and financial support with the specific aim of improving their job and financial security, at the same time as it aids overall geographical and occupational mobility. Typically, these agreements include transition funds established and jointly owned by the social partners. Insurance costs amount to about 0.3% of total wages. Job security councils, funded through membership fees, are established jointly at the level of professional branches to implement the agreements. In the case of a collective redundancy due to restructuring or in the event of individual loss of employment due to shortage of work, employees facing lay-offs are given help to find new employment through adjustment measures and financial support. The displaced workers may, in

(¹¹) 'Lagen om anställningsskydd', LAS, 1974.

(¹²) See: 2006 study by MIRE at: <http://www.mire-restructuring.eu/docs/CS%20JobCouncils%20EN.pdf> [cited 6.5.2010] and 2009 study by Eurofound at: <http://www.eurofound.europa.eu/pubdocs/2009/18/en/1/EF0918EN.pdf>. [cited 6.5.2010].

addition to individual careers and training guidance, participate in further education while receiving compensation for their lost earnings. Non-displaced workers are also granted supplementary adequate training in the event of structural changes. Empirical evidence on the effectiveness of these processes in Sweden is also relatively rich with research on, for example, the role of the job security councils (see footnote 22) and the negotiations of 'security and adjustment agreements' by the social partners.

Restructuring has had particular significance for the German labour market after reunification. Policy in the last decade has increasingly favoured a proactive approach in supporting at-risk workers and those likely to be affected by restructuring. These measures are mandatory if the planned restructuring involves a change of operations (*Betriebsänderung*) but are limited to where the establishment has at least 20 employees. Here, social partners have to agree on a social compensation plan (*Sozialplan*) which locally defines the procedures of restructuring and assistance to be given to affected workers, and which then constitutes enforceable rights for employees subsequently affected. As in Sweden, although differently focused, labour and social laws establish the framework for such agreements subject to some minimum requirements. Two closely related instruments have emerged as common outcomes of social plan negotiations, both including active measures for harnessing career guidance (and other measures) in reintegrating affected workers into the labour market: transfer agencies and transfer companies.

Although practices at enterprise level vary, where they are established, transfer agencies take over the counselling of employees threatened by lay-off. During the period of notice, transfer agencies assist them in job search, offer training for job application and other soft skills and help with assessing and selecting qualifying measures. Participants remain within their current job but are released from work for individualised support. Funding of transfer agencies involves some obligatory support, in most circumstances, from public employment services (usually up to 50% of gross costs) and employers. Transfer agencies normally support employees for three to six months prior to redundancy.

In contrast, transfer companies are separate legal entities (*betriebsorganisatorisch eigenständige Einheit*, beE) which accommodate redundant workers. In the transfer company, affected employees receive around 80% of their former salary, and are fully released from work to participate in career guidance and qualifying measures while they are working in transfer short-time work; they can remain in the transfer company for up to 12 months. Typically, they are supported by continuing outplacement measures which are

more intense and diverse than from the transfer agency. Some transfer companies try to promote rapid transition to a new job by incentives such as premiums for taking up a new job before the end of the fixed-term contract ('sprinter premium'). They may also provide return guarantees, in case the new employment relationship does not succeed.

Both transfer agencies and transfer companies are also affected by obligatory referral to PES. In 2007 some 35 000 employees entered short-term transfer work arrangements, usually in transfer agencies. This rose 3% in the following year, but has accelerated sharply in the early months of 2009, approximately by 40%.

2.5. Public policy and wider area responses in restructuring

Adjustment to the job losses caused by enterprise restructuring is not an issue wholly for company-level practice. Individual enterprises may seek to draw on external capacities, including those within the public employment services, or may access funds or funding pathways at national and European-level to aid individual adjustment processes. These arrangements may be led by public agencies, such as within rapid-reaction arrangements, to limit social and economic disruption, or may be proactive where the enterprise may forge the necessary partnership links and support. At national level, available evidence suggests that early high profile cases of proactive government regional and national ad hoc support to strategic job losses in the 1970s and early 1980s have been followed by more structured approaches. These have emphasised labour market support and interventions, local collaborations between public and private entities, and non-standard engagement of public employment services (PES) in restructuring.

Such responses are important in policy terms. Wider cooperation in enabling guidance strategies and approaches is a specific priority area for the 2008 guidance Resolution. This recognises findings from previous research by Cedefop, evaluating implementation of the previous Council Resolution on guidance (2004) which showed some progress in building capacities nationally but highlighting 'more efforts needed to improve quality of guidance services, and coordinate and build partnerships between existing forms of guidance provision'. Such partnerships will have a direct bearing on the extent to which enterprises do not need to act on their own in providing guidance-related support when they are involved in redundancy situations. The available evidence relating to such

collaboration is highly variable and needs to be interpreted against the national contexts, as synthesised above.

Swaim and Tejada (2004) update the extensive range of public employment policy measures designed to reduce the cost of adjustment, for specific groups of workers affected by restructuring, including employment measures:

- (a) job-search assistance;
- (b) training and retraining measures, most of which have preferential access for specified groups. For example, in France, the 'retraining leave' schemes provide training and job-search allowances for six months to workers who have been the victims of collective redundancies;
- (c) aid for geographical mobility is provided in many countries, including Germany, France, Austria, Portugal, Finland and Sweden;
- (d) enterprise start-up and creation programmes are on offer in many EU countries. Direct grants, interest-free loans and the provision of guarantees may be combined in very different ways. Some benefits are linked to the situation of the person setting up in business, while others are dependent on the business surviving for a minimum period;
- (e) re-employment bonuses intend to persuade people to accept loss of income as a result of taking a new job that is less well paid than the one they lost, or that is not their preferred choice.

Gazier (2005) highlights the tendency to group together very different measures, either for a group of displaced workers from a single company, or on a regional or national scale. Measures may comprise supplementary job-seeker allowances, wage subsidies, geographical mobility aid, enterprise creation grants and training courses specific to the industry or sector.

Company restructuring can affect particular areas or regions, and a range of research has been undertaken into how local community leaders (including mayors, county, district and regional officials, trade union officials) facing mass lay-offs in their localities have responded (Gazier, 2005; Hansen, 2002). Another very different option highlighted is to encourage workers to take over their own companies in difficulties. The example given is in Spain, which since the 1970s has developed cooperative forms of enterprise, enabling workers to buy their company if it is threatened with closure. This is indicated to have saved over 100 000 jobs (Hansen, 2002, p. 18).

Other community action approaches include instruments enabling workers to react rapidly to announcements of collective redundancies. Hansen recommends setting up ad hoc re-employment assistance committees involving workers representatives, local communities and company management to determine support services, with the help of experts specialising in restructuring, and to

represent all those concerned. Following the redundancy announcements, he suggests setting up on-site local agencies (worker assistance resource centres) often harnessing rapid response strategies, setting up services and networks as indicated. He illustrated experience from tripartite organisations in Hungary which succeeded in halving the average time taken by laid-off workers to find another job.

The available evidence is richer on the role and engagement of PES in implementing local employment policy ⁽¹³⁾, in particular in restructuring, and most recently their role in flexicurity (European Commission, 2009c). Nonetheless, contrasts in their roles and direct relationships with employers affect their capacity to input to career guidance interventions in restructuring situations, with PES traditionally handling three functions in Europe:

- (a) PES are key providers of information on the labour market, on job vacancies and potential applicants, and on the possibilities of training or retraining;
- (b) job brokerage is the main activity, comprising the public display of job vacancies to be filled and encouragement of a rapid match between supply and demand (PES of the Member States are said to be involved in 10 to 30% of all recruitment);
- (c) PES contribute to market adjustments, by being involved in implementing, usually at local level, of nationally or regionally determined labour market policies, or regionally or locally determined local economic or social development policies including employment or employability measures these are usually geared to adjusting supply and demand in employment.

The European Commission's report (Sultana and Watts, 2005) into Career Guidance in Europe's Public Employment Services indicated that most PES focused on meeting the needs of the unemployed, particularly the long-term unemployed, rather than the employed (Bysshe and Parsons, 1999). However, some address the needs of those who have been or are about to be made redundant. The Commission's report indicates that PES in countries such as Belgium, Ireland, Estonia and Austria have specialist personalised employment and guidance activities for this group. Lithuania, for instance, sets up mini-labour exchange services in enterprises where mass lay-offs are planned. In Austria, AMS mobilises guidance services for employees in large enterprises who receive a 'notice of separation' as a result of structural change. Such workers can receive unemployment benefits for up to four years, a right which is embedded through collective agreements. The AMS programme usually starts with a number of

⁽¹³⁾ The essential role of the PES has been reflected since 1998 in the *Employment guidelines* under four priority areas of action: employability; entrepreneurship; adaptability; equal opportunities.

orientation weeks, where clients are helped to prepare individual career plans, and this is followed by an implementation phase lasting up to four years. This includes retraining funded by the previous employer or by the regional government.

There is more limited comparative evidence specifically related to PES and enterprise restructuring, or PES and guidance interventions for those in employment or at notice of redundancy. However, policy at European level is seeking a wider and more effective access by adults to guidance to support career management by individuals and not just short-term adjustments for job-seekers ⁽¹⁴⁾. There remain concerns, however, as to the capacities (and policy focus) of PES in supporting more integrated approaches (Sultana and Watts, 2005; European Commission, 2009c).

2.6. Individuals and restructuring

Any review of career guidance and enterprise restructuring cannot ignore either the centrality of individuals in socially responsible practices, or the actions to be taken by individuals themselves, as displaced workers. With the Council Resolution on Guidance (2008) on lifelong learning and guidance, there is growing policy emphasis on building individuals' own career management skills and supporting their lifelong transitions within the labour market and outside. The extent to which individuals are able to manage their careers and lives, in and after redundancy, is likely to vary greatly within and across different national labour markets. A recent Eurobarometer study ⁽¹⁵⁾ found that Swedes and Danes were most optimistic in respect of labour market transitions and the threat of redundancy. These two countries have a notably high degree of 'flexicurity' and, it could be argued, are both temporarily compensated for the loss of their job and have a good chance of getting a new one in case of redundancy.

Individuals at work have a variety of career guidance and development needs, which are not being met effectively and successfully through formal career support structures at work, potentially leaving at-risk individuals poorly prepared to cope with restructuring. Past research has also suggested that some employees, due to some sort of 'psychological contract' with their employing company, have higher expectations of what their employer can realistically provide, over and above the terms of their actual contract of employment; this

⁽¹⁴⁾ This is a feature of the underpinning principles in the Commission Conclusions of November 2008 on better integrated lifelong guidance in lifelong learning strategies.

⁽¹⁵⁾ See: http://ec.europa.eu/public_opinion/archives/eb/eb70/eb70_en.htm [cited 6.5.2010].

may include a job for life or a right to continued progression (Guest and Conway, 2004). The consequences in redeployment situations can be significant. A recent study indicated that mid-career individuals, when moving from a stable career within a paternalistic organisation to an uncertain job market, showed signs of disorientation (Clarke, 2007). They were unsure what they had to offer an employer, how to approach job-search or how to market their skills and experience.

The circumstances of workers being redeployed are also important factors in shaping individual aspirations and abilities to manage their adjustment. Donnelly and Scholarios (1998), in a study over a three-year period of four defence-dependent companies in Scotland, examined individual experiences immediately following the announcement of redundancy and in the course of attempting to find re-employment. Individual experiences of support received, as well as their success in finding a new job, differed significantly depending on gender, age and skill level. The study also noted that the nature of re-employment by these workers was typically temporary, part-time and lower skilled, highlighting substantial skill under-utilisation. This was echoed in the SOCOSE project (Kieselbach et al., 2006) which identified that:

‘The most vulnerable groups appeared: employees aged 40 and above, with low qualifications ⁽¹⁶⁾, with very specific job experiences and long periods of service within one and the same company’ ⁽¹⁷⁾. They found that ‘even in very successful interventions there remained persons that are not transferred into new employment’, adding: ‘that in all countries these were mostly composed of women’ (p. 20).

While the present review has centred on recent evidence to understand how individuals respond to displacement, it is important to consider previous research reviewing periods of traumatic adjustment in the labour market and particularly the use of career guidance and training in enterprises undergoing restructuring. The understanding gained in earlier economic downturns is especially significant (Jahoda, 1979). Watts and Knasel (1985) devised a conceptual framework to consider the purpose and content of educational provision for the adult unemployed, which they set out under five clear objectives to help unemployed people:

⁽¹⁶⁾ For example, see the report of the award winning Leonardo da Vinci project: *The social partners and vocational guidance for lower paid workers* (www.gla.ac.uk/wg/index.htm).

⁽¹⁷⁾ They have what is sometimes referred to in the literature as ‘firm-specific human capital’, which may not be transferable elsewhere.

- (a) to develop knowledge, skills and attitudes which will help increase their chances of finding and keeping a job (including increasing their basic skills, job-search skills, and upskilling where required);
- (b) to acquire the knowledge skills and attitudes which will help them to cope with being unemployed;
- (c) to understand the extent to which responsibility for unemployment lies with society rather than the individual and to explore forms of social, political and community action related to unemployment;
- (d) to develop knowledge, skills and attitudes that will help them to make the best use of their increased 'leisure' time;
- (e) to acquire the skills to become self-employed and to be aware of self-sustaining lifestyles.

The authors conclude that any attempt to meet the educational needs of the unemployed has to 'recognise that they are an extremely diverse group ... they share only one objective characteristic – the fact that they do not have a job' (p. 1).

Less well-recognised in restructuring situations are the effects on employees retained by companies, often referred to in the literature as 'survivors'. Wolfe (2004) has argued that, despite a lack of empirical evidence, there seems to be little doubt from company-based studies that there is a 'survivor syndrome' amongst those who were not selected for redundancy, but fear they may be in future. Pugh, Skarlicki and Passell (2003) found in a small-scale study⁽¹⁸⁾ that violation of the psychological contract by a former employer was negatively related to trust in the new employer, and positively related to employee cynicism.

2.7. The research challenge: innovation and effectiveness

This chapter has set out the backcloth for the review and has suggested that, notwithstanding some contradictory evidence on the short-term effects of enterprise restructuring on employment, there is a recognised need for restructuring situations to be managed in a dynamic and socially responsible way to minimise negative effects. Embedding career guidance for displaced and at risk workers in adjustment arrangements is potentially important, both as a stand-

⁽¹⁸⁾ This centred on 141 individuals, with the author cautioning on the limited scale and lack of cross-sectional effects.

alone service and in underpinning the effectiveness of other parallel services, such as vocational training to upgrade workers' skills and employability.

This review has explored the nature, and operation of socially responsible practice in enterprise restructuring. It is timely against the background of the current recession but it also has potentially wider relevance. To exploit this potential, the following chapters seek to:

- (a) consider how career guidance can most successfully and cost-effectively be delivered to support displaced and redundant workers and soon-to-be-displaced workers, affected by enterprise restructuring, in recessionary circumstances and beyond;
- (b) assess effective adjustment policies and strategies needed to provide for broad access to career guidance and counselling services, and other forms of support to affected workers;
- (c) review the conditions that affect the effectiveness of programme delivery to support socially responsible restructuring, in particular the enablers and constraints in restructuring contexts;
- (d) highlight effective practice through practical examples of innovative and better practice which could inspire various stakeholders, and be potentially transferable across specific sectors;
- (e) establish any wider implications for the development of more socially responsible practices in using career guidance and counselling in restructuring of enterprises.

These are significant challenges and the front-line evidence is central to responding effectively to these needs. To do this, the review needs to adopt a mixed methodological approach which not only looks across experiences in selected Member States and in different economic sectors, but also captures evidence drawn from single enterprise responses alongside regional arrangements that support career guidance in restructuring firms.

3. Career guidance and socially responsible practice

This chapter explores the role of career guidance practice within strategies supporting soon-to-be redundant employees, focusing on responses that go beyond what is required by law, or common practice. Following the four priority areas of the Council's Resolution on lifelong guidance (Council of the EU, 2008) as a framework for analysis, this chapter looks at:

- (a) delivery, practice and modes of support that encourage the acquisition of career management skills, focusing on particularly effective actions, according to the case studies undertaken in this research;
- (b) access to guidance services, particularly reviewing the extent to which career guidance support is differentiated to address the specific needs of groups of employees, including family members, and particularly hard-hit local communities;
- (c) the extent to which quality assurance has been addressed, especially in respect to the key competences required by staff to deliver career guidance work effectively in restructuring enterprises;
- (d) key adjustment strategies and policies rooted in coordination and cooperation among the various national, regional and local stakeholders.

3.1. Delivering career management skills

A key task of career guidance in restructuring enterprises is to help individuals, whose jobs have been made redundant, to find appropriate new opportunities that build on their existing skills, interests and career goals. Member States are encouraged in the guidance Resolution 2008 to enable individuals to acquire career management skills to understand better the opportunities in learning and work and to be able to describe their competences, their experience and achievements to date, and evaluate their skills needs. The reviewed case studies provide evidence on career guidance and counselling delivery and modes, as well the purposes and models of guidance.

3.1.1. Delivery, practice and modes of support

Both case studies and the desk research indicate that a wide range of career guidance and related support mechanisms are used in enterprises undergoing restructuring. Individual career guidance and wider one-to-one support is at the heart of most successful career transition programmes. In many cases, individual support is available prior to redundancies. Initial help is usually available in-house and is delivered within companies by line managers and HRD staff. In terms of support for those providing advice, there is some evidence in the case studies (Volvo Cars, Sweden, Case study 12) that managers involved in discussing restructuring plans with individuals were receiving support from external partners to cope with the readjustment process, in particular to inform affected employees on next steps and options ⁽¹⁹⁾.

In a number of areas, it is clearly more cost-effective for information and general advice to be passed on in groups, rather than individually. The case studies also show some advantage in allowing individuals to hear the views of others, to increase solidarity and so reduce the sense of isolation that some workers feel during the severance process. Review of the case studies suggests that broadly three sorts of group activity are undertaken. The first focus – and possibly the least – is on career planning, for individuals to consider eventual employment areas and the range of options open to them) ⁽²⁰⁾. In addition, some workshops are tailored to meet the needs of particular groups, such as individuals considering self-employment or business start-up. The third category, and probably the largest, focuses job-search skills, including drafting CVs and application forms, acquiring interview skills and being able to identify sources of help and advice, including PES.

Alongside the provision of individual and group support, there is evidence in the case studies of the use of resource centres on employers' premises to support employees in their search for new professional prospects. This can be done through transfer companies, as in Germany, or through career management consultancy. These centres are variously equipped, but frequently include job-search research facilities for individuals to make phone or e-based enquiries as well as getting access to vacancy information and other services. They can provide individuals with more informal help from advisers, rather than on an appointment basis, as well as peer support from other centre users. Through these centres, there can be development of tailored resource materials in hard

⁽¹⁹⁾ Outplacement (career transition) organisations are sometimes asked to provide support to managers in respect of the best ways of undertaking this difficult task.

⁽²⁰⁾ In practice, most of this work is probably mainly undertaken individually, as evaluation studies frequently show that some individuals are hesitant about raising personal issues in group settings.

copy and in web versions. For example, in Scotland, the Partnership action for continuing employment (PACE) developed an award-winning resource guide *Positive Steps to your Future*, which helps individuals facing change to define personal goals; get acquainted with selection and interview methods, get access to information about agencies that can be of assistance, including professional groups and associations (Case studies 10 and 12).

Developing awareness of available opportunities and enabling job applicants to meet prospective employers are key features of a career guidance process. There are some examples in the case study research of specific opportunities having been provided through job fairs, or similar events. For example, in the restructuring at BenQ Mobile, which involved the redeployment of a large number of highly-skilled staff, job fairs and related activities were assessed as being very effective (Case study 2). The transfer company involved undertook mailing of all companies in Bavaria belonging to an employers' association covering the metal and electronics sector. Many well-known companies attended these job fairs, among them some which did not have operational bases in Germany. A large number of potential vacancies were identified and it was reported that this interest also had an indirect effect by boosting employee motivation.

Enabling individuals to be clear about what opportunities are available, and helping them to find out how to access them, can sometimes not be enough to secure effective transition in the labour market. One device highlighted in a few case studies was that of arranging internships or work placements. These were seen as particularly valuable in helping individuals gain experience of an unfamiliar employment area they were keen to get into, and to boost their confidence that they could secure employment in this field. In some situations, such placements are effectively a job trial; if they are completed successfully, the person is offered employment. In the AutoVision case study, it was reported that four out of five (80%) of workers re-employed had undertaken one or more internships while being in the transfer company (Case study 1). The related 'trial employment contract' appears to be most effective in encouraging employees to take up a job opportunity, which implies a reasonable level of satisfaction with terms offered. However, as at AutoVision, the motivational effects of the work placements were most stressed as their main benefit.

In some Member States, such as in the UK ⁽²¹⁾, there are particular well-developed public access telephone and web-based career advice services.

⁽²¹⁾ See: Careers Advice Service (available in England): <http://careersadvice.direct.gov.uk>. Related services are available in Wales through Careers Wales and in Scotland through Skills Development Scotland.

These can be used to supplement in-house and externally-provided services. In the best examples these are integrated into the service offer.

3.1.2. Purposes and models of guidance

The purpose and models of career guidance in restructuring enterprises should be determined by the needs and circumstances of affected individuals, as shown by the case studies, and the wider available evidence, discussed in Chapter 2. Workers' needs in the event of restructuring will clearly include the extent and effectiveness of their career management skills. If individuals possess career management skills, their primary need will probably be for information about employment opportunities and future labour market and sector trends. However, if they do not have effective career management skills, as a prerequisite for further action, they will probably need a fuller programme of support.

GOOD PRACTICE CASE STUDY

Career guidance support delivered through transfer companies within Siemens (Germany)

Siemens beE ⁽²²⁾ is the responsible department which organises transfer company projects at Siemens which generally last for two years.

Siemens beE provides a wide range of counselling and guidance services to beE candidates and, in general, all employees have equal access to these services. Every employee has his, or her, personal consultant to analyse their current situation and career opportunities.

Each employee signs an agreement of objectives to increase their commitment and motivation. Employees can use the beE premises, where they have access to Internet, telephone, and library facilities. The programme includes basic workshops for the employees, including interview training by HR experts and a review workshop at the half-way stage to evaluate recent development and to decide further steps.

Intensive support is provided to special target groups, for example on business start-ups and the development of a business plan; particular support is available to part-time workers and those aged 50 or over.

The beE internal 'job centre' is a major feature of Siemens beE, comprising: a database of 5 500 companies; an Internet platform, TalentLink, of the profiles of all beE candidates, which is an important tool for matching employees to job offers; work placements of up to four weeks in possible employing companies; and a 'right of return', whereby the employee is guaranteed in given circumstances to be allowed back into the transfer company if the new employment relationship is not successful.

Source: Case study 8.

⁽²²⁾ beE is the abbreviation for 'organisationally independent unit', *betriebsorganisatorisch eigenständige Einheit*.

In the best resourced practice examined, a full set of activities is offered, including a core programme of workshops and a more individualised tailored programme, including facilitated support using a resource centre, additional workshops, and work placements (such as Siemens BeE, Case study 8). However, this was atypical and in most other cases, a more restricted offer is made, followed by individual support, and the use of resource materials, some of which can be remotely accessed.

There is limited evidence from the case studies about specific models of practice that guidance practitioners use. However, it would appear that the most effective process involves advisers:

- (a) identifying at an early stage what individuals' goals are, and what barriers there may be to achieving them, and then using action planning processes. Good practice would suggest these should be formalised and through this process individual agreements should be gained to work towards specific objectives within planned timescales;
- (b) helping individuals to consider their experience and achievements to date, sometimes through developing their CVs. The most effective practice here focuses not just on the production of an effective personal marketing document, but uses the opportunity to consider transferable skills and experience that an individual possesses and how employees can best present themselves in the labour market;
- (c) undertaking specific assessments of aptitude and attainment, through psychometric testing ⁽²³⁾ and self-referenced assessment tools, such as skills and interest inventories. Where securing a new position was the guidance related aim, successful provision often helps individuals to consider informal as well as formal methods of job-search, including how best to use the network of family, business and other contacts they can have and to explore the 'unadvertised job market';
- (d) helping individuals who have been out of the job market for some time refine their job-search skills, including attending selection interviews. In the best practice identified in the case studies, this involved the full simulation of the process including the use of video to enable individuals to see how they present themselves and to develop their skills;
- (e) planning a programme of support that is appropriate to the individual, based on continuous assessment of needs and using a range of resources and tools, including less frequently used approaches such as work placements

⁽²³⁾ The use of such psychometric tools is frequently restricted to qualified psychologists (although in some countries advisers are able to use tools having undertaken approved training programmes) and this and their cost and time in usage restricts their application.

and tasters to allow individuals to test out their potential choices more robustly. Effective practice here includes advisers identifying the organisation that can best assist individuals, such as the PES; employment and recruitment agencies; and Internet job-sites, including for those able to consider work in other Member States, EURES, the job mobility portal ⁽²⁴⁾. Looking across the evidence, it would seem that innovation in these circumstances means ‘choreographing’ available help so that it is available at the right time, and in the right form, to help the individual concerned.

Importantly, evidence from the case studies and elsewhere would indicate that individual needs and priorities can change during the course of a career guidance support programme which, in some of the best-resourced cases, can last for a year or more. For example, individuals at first might have thought to continue working in an area where they had experience, such as unskilled work. However, at a later stage, they might find that it was necessary to retrain. Consequently, best practice would suggest that they require both continuity of support over this period and the facility to access help to consider their revised needs. To evidence this in practice, and in detail over a period, would require systematic case study work which was not within the brief of this research and which was not found in existing literature.

3.2. Aiding access for all to guidance services

Individuals whose jobs are being made redundant are likely to need access to support services, although their needs will vary considerably. The guidance Resolution (Council of the EU, 2008) encourages Members States to make a range of easily accessible services available, especially for the most disadvantaged groups and those with special needs. These services consist of differentiation in career guidance support, specific actions for vulnerable workers, and support services beyond company employees, to cover family members and employees of SMEs that provide supplies to bigger companies under restructuring.

Evidence is drawn from the case studies and from wider sources, to set the evidence-based findings from the case studies in a wider context.

⁽²⁴⁾ See: <http://ec.europa.eu/eures/home.jsp?lang=en> [cited 10.5.2010].

3.2.1. Differentiation in career guidance support

The case study research indicated a division in practice between those situations where it was most common for all staff made redundant to be broadly offered the same services and those where some, occasionally significant, differentiation occurred. Differentiation in terms of career guidance support offered to employees during restructuring can occur for various reasons such as age or seniority, or level of skill. In turn, this can affect the level and type of support that companies choose to provide. This can also be emphasised by the accompanying financial severance terms beyond legal requirements and collective agreements.

With outplacement, 'the level of support is often related to the seniority of the people being made redundant, the more intensive forms of career support being offered to higher-ranking employees and less intensive being offered to other employees' (Cedefop, 2008a, p. 30). The fact that broadly the same service offer appears to have been made in the selected case studies should not be taken as necessarily representative of common practice and does not mean that the services were not appropriately personalised. To be effective, group sessions covering topics such as interview techniques need to address individuals with broadly similar needs, and those mixing senior managers and highly skilled employees with less skilled staff might run the risk of not meeting the needs of participants.

3.2.2. Support for vulnerable workers

The previous chapter has set out the paucity of past evidence on, and difficulties in defining, socially responsible practice for guidance in restructuring situations. For example, the working definition of vulnerable workers established by the Commission on Vulnerable Employment (CoVE) ⁽²⁵⁾ in the UK referred to 'workers whose participation in the labour market places them at risk of ongoing and often extreme suffering, uncertainty and injustice resulting from an imbalance of power in the employer-worker relationship'. For the purposes of this research, we have widened this definition to include workers who are particularly vulnerable to their jobs being made redundant, especially covering the range of preventive work that is being undertaken to maintain and improve employability.

The SOCOSE project identified that 'the most vulnerable groups appeared: employees aged 40 and above, with low qualifications ⁽²⁶⁾, with very specific job

⁽²⁵⁾ The Commission was established by the Trades Union Congress (TUC) to undertake a major investigation into the causes of, and solutions to, vulnerable employment. See: www.vulnerableworkers.org.uk [cited 10.5.2010].

⁽²⁶⁾ See the report of the award winning Leonardo da Vinci Project *The social partners and vocational guidance for lower paid workers* (www.gla.ac.uk/wg/index.htm) [cited 10.5.2010].

experiences and long periods of service within one and the same company' ⁽²⁷⁾. They found that 'even in very successful interventions there remained persons that are not transferred into new employment', adding that 'in all countries these were mostly composed of women' (Kieselbach et al., 2006, p. 20).

Examples were found in the literature and through the case study research of companies proactively engaging with those workers at risk of long-term unemployment, particularly to upskill them ahead of company restructuring. Good examples in the literature include the work at the Royal Copenhagen porcelain factory to increase the competence of production staff (Plant, 2004).

GOOD PRACTICE EXAMPLE

Guidance in support of restructuring at Royal Copenhagen

Luxury goods markets such as porcelain manufacture are cyclically sensitive and subject to intense competition from similar companies worldwide. In this context, a major transition process was needed for the survival of the Royal Copenhagen porcelain factory, through external outsourcing and the introduction internally of both new forms of work organisation (team collaboration) and new forms of production (lean principles).

Trade unions and management agreed to support employees whose jobs were being made redundant and who, in most cases after many years in the company, now had to find new employment. The remaining staff was offered the opportunity to develop new skills, and new forms of cooperative working, in connection to the new production and working arrangements introduced.

A 'guidance corner' was set-up in the company canteen, where employees had access to a professional, independent adviser with experience in undertaking guidance work with the low-skilled. The guidance was individually tailored and, following advice given, alongside those finding new jobs, many redundant employees subsequently received specialised training in industries, such as transport and logistics, servicing and cleaning, hotel, restaurant and health and social care. Others wanted to improve their education and personal skills. All employees could benefit from the guidance corner, which was also used by several permanent, non-terminated employees. On the basis of available evidence, the evaluation cautiously concluded that this ESF project had helped staff to find other work on a fairly large scale (in spite of the narrow skills) or to sustain their work in the company.

Source: Plant, 2004.

3.2.3. Support beyond the workforce

While the focus of the review has been on restructuring support to employees being made redundant or at risk of job losses, the opportunity has been taken to look also at how approaches to socially responsible practice provide career

⁽²⁷⁾ They have what is sometimes referred to in the literature as 'firm-specific human capital' which may not be applicable/transferable elsewhere.

guidance and other forms of support for others affected by restructuring. The review suggests this can take a number of forms, such as:

- (a) the supply chain, in general, small and medium-sized supply companies that are restructuring;
- (b) wider local area issues, in localities where a substantial number of redundancies occur caused by the demise of one, or more, companies;
- (c) individual family members, particularly the dependants of employees whose jobs have been made redundant.

Limited evidence was found in the literature about services to companies in the supply chain, although this was not a specific focus of the research. This is possibly because the processes in restructuring are undertaken within particular companies rather than collectively, although some of the work will be simultaneous, taking place in different workplaces, as enterprises change their supply needs and specifications in the light of changing market situations. Some examples were found of wider local and sectoral responses, and these are explored and illustrated more in Chapter 4 (such as the Better West Midlands and R2R projects in England, Case studies 13 and 14). As illustrated in the Karmann case study, the integration of family members into the counselling process was quite common, especially if there were plans for individuals to start a business or move to another country for work (Case study 6). Attention was also given to aid with personal problems which are a barrier to finding work, such as indebtedness, addiction, and intra-family conflicts. Clients were advised how to get professional assistance on these matters and encouraged to do so.

3.3. Developing quality assurance in guidance

The Council's Resolution on guidance (Council of the EU, 2008) indicates that the development of high quality guidance services is a goal shared by Member States. Guidance provision should be fit for purpose through 'taking account of users' expectations and labour market realities.' In particular, this stresses the need for high-quality information, 'on training provision and the operation of the local labour market', and of 'enhancing, through initial education and further training, the professional profile and standards of guidance practitioners'. Emphasis is also given to developing quality standards and evaluation processes. Against this background, this review sets out evidence on quality assurance and evaluation, as well as competence development of practitioners supporting enterprise restructuring processes.

Case study evidence here is limited, and the review concludes that, while these issues may feature strongly in some cooperative local area arrangements, at enterprise level they have limited direct relevance or tangibility.

3.3.1. Quality assurance and evaluation

Although quality assurance systems for guidance exist, such as the matrix standard in the UK ⁽²⁸⁾, there is very little evidence of the widespread use of quality assurance systems as a means of assuring quality of provision in career guidance in restructuring companies. Where quality measures are employed these are more likely to be performance-related, such as for agreed delivery standards, and client feedback measures. None are strictly quality assurance measures. Similarly, in respect to monitoring and evaluation, although a number of case studies were able to share monitoring data about the number of beneficiaries, much of this was restricted in terms of its extent and quality. These data are reviewed in more detail for outcomes and impact in Chapter 5.

Only a limited number of formal evaluation studies were available (for example in PACE in Scotland and ReAct in Wales, Case studies 10, 12 and 16) and these were available mostly where external funding had been secured, including for ESF, an issue returned to in the following chapter. Consequently, it is not possible to comment in detail on key aspects of medium-term effectiveness, as advocated in the guidance Resolution. In general, the review concludes that medium-term effectiveness is a neglected area for evaluation. Evidence of the effects and effectiveness of guidance interventions, in the development of career management skills by individuals and wider employability, is unlikely to be secured from local-level evaluation and monitoring. This short-term focus is disappointing, given that some work has been supported using European funding sources, such as the ESF. It also suggests that the questions raised by the Council Resolution about the value of evidence-led reviews of the effectiveness of practice may be long overdue in this specific area.

3.3.2. Practitioner competence

The widespread need to develop career guidance practitioner competences to develop the quality and coordination of career guidance services featured in a recent Cedefop study on 'professionalising career guidance'. This proposed a competence framework for career practitioners, from which the following competence areas are particularly relevant for career guidance providers in the context of restructuring:

- (a) identify information needed for career development activities;

⁽²⁸⁾ See: www.matrixstandard.com/ [cited 10.5.2010].

- (b) identify range of networks relevant to work role;
- (c) understand the needs of the target population; provide and customise materials;
- (d) develop and maintain relationships with other stakeholders;
- (e) engage in research and evaluation;
- (f) reflect on practice and plan own development activities (Cedefop, 2009, p. 84-87).

These competences may be used in different combinations of roles and skill mixes. In well-resourced career guidance work in restructuring enterprises this will involve a multi-disciplinary team. For example, in the transfer company mentioned in the AutoVision case study (Germany), staff includes HR specialists, psychologists, teachers, trainers and lawyers (Case study 1). This illustrates the specific context in Germany, which relies on a previously negotiated support structure on an enterprise-level social plan, including career guidance. In less well-resourced restructuring adjustments, it is more likely that provision will mainly be by HRD staff in-company and career guidance practitioners, with varying levels of training and support.

It is also clear from the case studies that the type and level of guidance customer being supported will affect the knowledge and competences practitioners require. For example, advisers spoken to in the AutoVision (Germany) and R2R (England) Case studies 1 and 14, both stressed the importance of themselves and their peers being not just experienced and competent, but also truly able to empathise. This evidence also pointed to different skill-sets and behaviours being noted for advisers working with managers as opposed to those needed to work most effectively with blue-collar staff.

3.4. National, regional and local stakeholder cooperation

The Council Resolution on Guidance (2008) highlights the importance of 'networks accessible to everyone seeking guidance'. In the case of restructuring companies, such networks might already exist or have been planned, as in the case of PACE in Scotland, or will need to be created to support individuals in transition, particularly if support is to be provided in a socially-responsible way (Case studies 10 and 12). Socially responsible workforce reduction has become a focus in both academic and policy-making circles (Auer, 2001) although lacking a consensus and evidence-led view on what this constitutes. The International

Labour Office has proposed that socially responsible workforce reduction actually should mean 'using one or more approaches to consciously take into consideration the interests of all stakeholders such as managers, owners, workers and the community' (Hansen, 2002). This may now be seen as a rather limited interpretation of social responsibility in enterprise restructuring contexts. One issue, evidenced from the review findings on the significance of safety nets in establishing socially responsible practice, is one of the few areas of agreement among analysts to date. To this is added a view that enterprises should voluntarily do more to support employees whose jobs are being made redundant than is stipulated by law or collective agreements (Segal, Sobczak and Triomphe, 2003).

The specific role of career guidance in socially responsible practice is not widely explored in the literature. The case study evidence starts to provide an empirical basis for establishing a distinctive guidance contribution. Effective guidance in restructuring situations can enable individuals at risk, or whose jobs have been made redundant, to:

- (a) come to terms with their situation, including emotional and practical issues, including their aspirations and goals; personal and family circumstances; experience, abilities, and skills, including the extent to which their competences are marketable and transferable, and whether additional training and development is required to make an effective labour market transition;
- (b) consider their support needs, including the extent to which they have access to necessary information about available learning and work opportunities in areas, sectors, and even countries, in which they wish to work;
- (c) help individuals cope with the consequences of redundancy, including financial issues that arise, and their entitlement to state and other benefits;
- (d) assist individuals in coming to terms with the mental or other health consequences of job loss and dislocation ⁽²⁹⁾ (Kieselbach and Jeske, 2009).

Combining the case study evidence on guidance practice with past research and stakeholder feedback (Chapter 2), this review suggests that the default position in all Member States is that individual employees have varied legal entitlements in respect to the notice for termination of employment and the related severance terms (in the form of redundancy payments). Once unemployed, there is variation in access to support subsequently from the PES and other nationally-funded services, supplemented and enhanced by EU funds. As explored in more detail in Chapter 4, socially responsible provision at its

⁽²⁹⁾ Monitoring Innovative Restructuring in Europe Project. See: <http://www.mire-restructuring.eu> [cited 10.5.2010].

simplest would seek to build on these minimum entitlements, and our research would suggest this is achieved in three main ways.

The first is by enterprises and organisations providing internally-sourced support to affected employees. This ranges from limited additional short-term help to, in the most extensive arrangements, more in-depth support available over extended periods. As for the more extensive in-house arrangements in the case studies, they are restricted to large and previously robust and successful companies, which are both able, and willing, to fund this support for a variety of reasons. SMEs are less able to provide internally facilitated support. Where case study evidence draws on SME practice, it suggests that this emphasises compliance and reactive adjustment with little or no supplementary support unless driven by external facilitation, funding and support.

The second possibility is by enterprises and organisations commissioning services through public or private sector partners. External supplementary support seems of particular significance to guidance-related assessment, counselling, brokerage and associated individual and group level support, driven by the need to supplement what may be available from in-house resources. The reasons for engaging other partners may be due to a range of issues, including a lack of capacity and necessary expertise, or because these services are fully, or partly, publicly funded.

The third approach is through public sector funded bodies (frequently including specialist support agencies and PES) when public policy in Member States, or discretionary local practice, has created proactive ways of offering services to companies and workforces that require them.

In some examples, continuous business support can also be offered (e.g. in the UK via Business Link) ⁽³⁰⁾ to the business and to develop the residual workforce. This can be particularly valuable where both a business and continuing human resource development (HRD) review are needed to ascertain the training and development needs of the residual workforce, including identifying both skills gaps and shortages. In this context, the business plan for the company can frequently be concerned simultaneously with both short-term survival and, longer-term, with securing new markets for their products and services. However, in general, it seems the value of support provided to 'survivors' (Chapter 2) does not seem to get sufficient appreciation in restructuring adjustments in Europe.

Each of the adjustment strategies explored through the case studies include varying levels of career guidance input. However, whereas some approaches and strategies seek mainly to deal with the consequences of restructuring, others

⁽³⁰⁾ See: www.businesslink.gov.uk [cited 6.5.2010].

combine this with efforts to prevent the need for redundancy in the first place. This particularly cohesive approach is illustrated by two flagship schemes in Wales.

The first – ProAct⁽³¹⁾ – provides training for employees, helps businesses to retain skilled staff who might otherwise be made redundant, and grants financial incentives to both companies and employees⁽³²⁾. The second, and complementary, programme – ReAct⁽³³⁾ – supports career guidance of individuals whose jobs have been made redundant and funds appropriate training. However, these are early developments. While the case study evidence can say something of the effectiveness of the ReAct arrangements, it remains premature to understand the value of the integration or distinctively of the medium term employment protection gains from the ProAct programme (Case study 16). Combined, these programmes represent a significant departure from the policies being employed in England and resemble schemes that have long existed in Germany, France and the Netherlands and which have also been recently introduced in Ireland (Gibbons, 2009). The combination of proactive and reactive programmes as a feature in socially responsible practice seems unusual in Europe; the Welsh approach to dual and integrated schemes are highly innovative.

⁽³¹⁾ For further information see:
<http://wales.gov.uk/topics/educationandskills/foremployers/proactskillsgrowthwales/?lang=en>
[cited 10.5.2010].

⁽³²⁾ Unlike ReAct, the scheme provides limited information and advice to employees; however, it does provide advice to companies on appropriate training.

⁽³³⁾ For further information see:
<http://wales.gov.uk/topics/educationandskills/learners/worklearning/gettingbacktowork/redundancyaction/what/?lang=en> [cited 10. 5.2010].

4. Enterprise capacity and collaborations

Company restructuring is frequently a consequence of organisational change in response to changing business needs, corporate take-overs, and wider economic circumstances. Alongside services delivered by social partners inside the company, the task of supporting individuals in transition through restructuring is often undertaken in a wider range of partnerships. In this chapter we consider:

- (a) enterprise capacity and career guidance in the context of more general HRD issues, including support for career development;
- (b) partnerships and external capacity, in particular, models of partnership arrangements through the case study research, especially within existing national, regional and European programmes;
- (c) restructuring cooperation between companies and PES and some of the views expressed about its effectiveness.

As with the previous chapter, the source evidence is drawn largely from the individual and partnership-led restructuring case studies within this review.

4.1. Enterprise capacity and career guidance

The literature suggests that there is some ambivalence about company involvement in career guidance and in wider career development and reconciling the three interrelated issues of business development, workforce development, and in individual career development.

With sufficient planning and forethought, it is possible to develop appropriate, socially responsible, responses. For example, the ETUC have identified what they assess as good practice in terms both of responsible restructuring and skills and career development in the three-year agreement signed by Air France and five trade unions, in 2006 on anticipating changes in ground staff (see box). However, such foresight is not always present in companies, nor in the willingness to engage with individual employees, or their representatives in trade unions.

In the present case study research, a number of comprehensive examples of corporate programmes were identified: examples are TeliaSonera Finland and Siemens BeE (Case studies 10 and 8). Teliasonera introduced a 'competence pool' in autumn 2005, which enabled employees to maintain their contract with the company while they were given time to seek new career opportunities. The

aim was to help individuals find appropriate and sustainable employment after a few months.

Good practice on managing skills and career development at the corporate level in France

In the context of rapid changes in air transport (new technologies, competition with low-cost companies, rise in the price of oil, etc.), and following its merger with KLM, Air France adopted a new approach based on anticipating change, in cooperation with the French national agency for the improvement of working conditions (ANACT). The goal is to use foreseeable changes in various occupations to manage people and their skills. Internal mobility is encouraged and several training measures are on offer.

The agreement stipulates that the internal labour market should be more fluid. In practical terms, this means helping workers determine their own career path through interviews, individual skills assessments and entitlement to training, and to encourage them to apply for a different position within the company. This makes it easier to improve the skills base and encourage mobility, for instance from ground staff to commercial positions (which implies the implementation of mobility and integration agreements, giving workers support when they start a new job within the company). The role of the existing occupations observatory (set up in 1997) has been strengthened. One of its tasks is to compile an 'inventory' of different occupations within the company, set out foreseeable changes in these occupations, from both a quantitative and a qualitative point of view, and take account of various technical, organisational, and regulatory projects that might have an impact on the number and nature of jobs. It is also responsible for maintaining a database to chart new positions that may develop in the coming years. This may be through the arrival of new workers or internal mobility on the part of present workers, as well as job areas in which bottlenecks may develop, for example due to a shortage of labour or the long period of training required.

Other important aspects of the agreement pertain to the definition of adapted paths during what the agreement terms the second stage of one's working life through, for instance, negotiated part-time work.

Finally, as required by the law, the agreement sets out the ways in which workers' representatives should be kept regularly informed about the company strategy for each of its existing functions.

Source: European Trade Union Confederation, 2007a.

4.2. Partnerships and external capacity

Most enterprises provide career guidance expertise in commissioning services or accepting publicly offered support through established local and regional mechanisms. Partnerships between companies, public employment services, guidance providers and training institutions are crucial to provide a comprehensive range of support services to redundant workers and employees

at risk of redundancy. Examples of partnerships considered through the case studies include:

- (a) the Better West Midlands project ⁽³⁴⁾, which offers a holistic approach to support for those facing redundancy. The project is delivered by trade unions in partnership with the West Midlands Learning and Skills Council (LSC) and is funded by the West Midlands LSC-ESF cofinancing programme. The project works very closely with Jobcentre Plus, Nextstep, an adult guidance provider, as well as with public and private training providers (Case study 13);
- (b) the ReAct Programme involves close working relationships with Jobcentre Plus and Careers Wales, the all-age career guidance service, and a host of public and private training providers (Case study 15);
- (c) the PACE strategy and programme in Scotland which is led by Skills Development Scotland (SDS) and involves a wide range of partner organisations. An extensive partnership allows addressing a broad range of needs, for example, government-funded training to improve and increase the chances of successful labour market transition, career guidance, training and support for business start-up (Case studies 10 and 11).

There is real strength in some of the partnership arrangements described, which in turn are leading to significant outcomes for both employers and employees. Some cooperative efforts are not initiated by public agencies, as in the above mentioned examples, but by individual enterprises. This includes the right-sizing programme undertaken by Volvo with sector labour market agencies and the public employment service (Case study 12).

Socially responsible restructuring frequently calls for an inter-agency partnership, combining public and private sector efforts, such as in the partnership Response to redundancy (R2R programme) in England summarised (case Study 14). Within these cooperation arrangements, external agencies, usually public sector partners, need to be aware of the need for flexible responses and to be mindful of the tight timescales within which, by necessity, restructuring is taking place.

The partnerships described in the case studies are very different in their focus, capacity development and resources. Limitations in their impact assessment and medium term evaluation hamper comparisons of outcomes and success factors, but a number of key features enabling the effective working of these partnerships emerge.

⁽³⁴⁾ For further information visit: <http://www.betterwestmidlands.org.uk/aboutus.php> [cited 10.5.2010].

GOOD PRACTICE EXAMPLE

Partnership delivery of Response to redundancy (R2R) programme (England)

The East of England Development Agency (EEDA) has, with partners, a key role to develop the economy of the Eastern Region. It established Response to redundancy (R2R) in early 2005, in conjunction with the European Social Fund (ESF).

R2R offers services to people whose jobs are at risk or who are in the process of being made redundant. Those eligible live within or outside the region but are employed by public or private sector organisations at a location in the East of England.

EEDA and ESF have jointly invested GBP 2.6 million in R2R over the past four years. EEDA is now, with ESF, investing GBP 2.2 million in a new Response to redundancy package as part of a wider GBP 6.2 million 'Beyond 2010' skills training programme.

The Response to redundancy programme complements the Rapid response service – initiated in 2002 to support larger-scale redundancies – which is operated on a regional basis by Jobcentre Plus (PES) and other provision recently introduced by the Learning and Skills Council (LSC).

R2R focuses on providing a range of support to enable individuals, including both career guidance, on an individual and group basis, and potentially financial support, to undertake training.

Source: Case study 14.

Working relationships before restructuring are among the success factors for partnership arrangements. In each of the German transfer companies (Case studies 2 and 8), as well as in Volvo Cars Sweden (Case study 12) and Teliasonera Finland (Case study 10) the development of working arrangements, resourcing allocations and delivery structures to support employees in 'better' times for the enterprise were vital to delivery of early guidance support together with other services in the context of large redundancies. The key issue seems to be agreement among social partners which predate redundancy situations, and which were transferable across different restructuring contexts. In Wales, the combination of the ProAct and ReAct programmes was also put in place by the Welsh Assembly so that subsequent redundancy situations could be supported (Case studies 10 and 12).

Clear synergy in the partnership underpins the delivery of comprehensive services to redundant workers and at-risk employees. Many of the cases studies have involved multiple guidance interventions, often combining both group and individual support. These often required different skills sets and effective partnerships, were able to draw on synergies across different types of practitioners and organisations, covering career guidance, training and labour

market integration. Local or regional rapid response programmes such as R2R in the East of England also sought to capitalise on different skill bases for different areas of guidance and other support to those facing redundancy (Case study 14).

Clarity in respective roles and relationships is a crucial success factor. The effective integration of cooperative approaches to guidance delivery in restructuring situations depends on the quality and coherence across different interventions of employee referral. Multi-agency delivery requires clear demarcation in the roles and responsibilities to work well, such as in integration of the PES in the ErgoMont example (Case study 3). Where it does there is seamless and speedy interchange between different and complimentary areas of guidance support better supporting the early reintegration of at employees at risk of unemployment. Established working collaborations such as between the Siemens BeE transfer company and local PES offices also aid the understanding of respective roles and strengths in different aspects of guidance support (Case study 8).

Coherence in provision through robust leadership and coordinated task management paves the way for effective support to employees in restructuring situations. The four case studies of the transfer companies and also the pool arrangement in Teliasonera show the importance in complex delivery arrangements, combining internal and external guidance support, of sound leadership in the overall process or programme (Case studies 1, 2, 6, and 8). This in turn provides a foundation for effective task management as well as a coherent framework for cooperation.

Client-centred commitment and responsiveness cannot be neglected. At the heart of guidance delivery in these case studies has been a commitment to aiding at-risk employees through guidance and other support processes. This is most tangible in the social plans which underpin the German transfer companies, and also in Volvo cars Sweden (Case study 12) and Swedbank in Latvia (Case study 7) but also emerged as a driver in other enterprise-led adjustments.

The more effective collaborations in the case studies seem to be needs driven, and have put in place flexible resourcing structures that enable response to changing circumstances and to intensity of individual needs. Volvo Cars (Sweden), and the BenQ (Case study 2) and Siemens transfer arrangements (Case study 8) show this most clearly. Flexible resourcing also seems critical to the continuity of support that underpins those arrangements.

This is not to say these are the only features, but they appear as the more established success factors. Nonetheless, these do not emerge, at least yet, as near universal enablers. The most consistent message related to effective partnerships for multi-agency or collaborative guidance-related support to

restructuring is that the cooperation needs to be adaptable and customised to specific needs and circumstances.

4.3. Cooperation with PES

The European Commission's report (Sultana and Watts, 2005) Career Guidance in Europe's Public Employment Services (PES) indicated that most have not yet developed a specific provision for the employed, or for employees who are soon to be laid off.

Experience with PES seems to vary within the case studies covered by the present review. Overall, interviewees during the case study research stressed that both the cooperation and the quality of PES services themselves had improved over the last decade, especially in work with companies that are restructuring. However, this experience is not universal. For example, the effectiveness and competence of PES advisers was questioned by some, including the concern that counselling is often too superficial and reflects advisers' lack of familiarity with specific sectors. Concern was also raised about contradictory advice, when PES advisers pointed clients in a completely different direction to that given in internal guidance activities. The slow reaction of employment agencies to changes in labour market demand, in terms of adjusting their planned qualification programmes, was also pointed out.

Cooperation between companies and public employment services are a way forward in terms of building better understanding of companies, sector demands and labour market changes, as in the exchange programme that Siemens BeE have established, where employees from the Labour Agency work there for six months to get to know the work of the transfer company (Case study 8).

Less feedback was received from other case studies regarding work with their respective PES. In one instance in Slovakia, the restructuring of EnergoMont (EM), all activities of the outplacement programme (excluding consultations with the company lawyer) were provided by specialists of the local labour office in Trnava; no other sub-contractors were involved in outplacement programmes (Case study 3).

4.4. National and European capacity development

The use of national or localised development funding from European funds cannot be isolated. A common feature of regional support is the harnessing of

ESF funds usually under co-financing or similar arrangements through public agencies.

All but one of the case study organisations have had at least some direct support from nationally or regionally administered public funds to improve available capacities for restructuring. However, the relative scale and importance of these activities have varied greatly within different national contexts. It is arguably most substantial in the German transfer company arrangements where the Federal Labour Agency, under certain limitations, commonly provides 50% of the operational costs of the companies in supporting displaced workers after they move to the transfer company. In Germany, the transfer agency for Siemens BeE was also able to harness Federal funds at regional level as an effective subsidy to support its temporary working arrangements for staff at risk of redundancy (Case study 8).

Constraints were experienced where PES arrangements had limited discretionary resources. In both of the Scandinavian case studies there was limited resort to harnessing local PES resources or capacity. For Teliasonera this reflected capacity constraints in the labour agency and, in particular, a required priority for public funds for supporting unemployed, and notably longer-term unemployed, people rather than those at risk of unemployment in the pool arrangement. Where public funds were harnessed they were limited to a discretionary activity, managed through the Finnish labour agency for entrepreneurial training for those pool members considering self-employment.

In the UK, the case study organisations have mainly used regional funds and resources. The processes have been complicated and have seen some regional contrasts in priorities and implementation. A common thread has been to work with national PES service – Jobcentre Plus, both to capitalise on some work-based services using PES staff and to access funds set aside for restructuring support in programmes, such as response to redundancy (R2R) coordinated through regional authorities (Case study 14). Some of these arrangements have often been complex and the East of England case study showed five separate strands of public funding support at regional level to restructuring situations, differentiated on the basis of client groups and circumstances but mainly reflecting ring fencing arrangements for budgets allocated by different public agencies: specifically the Regional Development Agencies (RDAs), regional offices of the learning and skills councils, distinct Government offices in the regions, and also Jobcentre Plus. Some restructuring organisations, have struggled to appreciate these distinctions and have been reliant on brokerage agencies such as funded consultancy to unpick the different requirements and access arrangements.

Other arrangements also in the UK have seen stronger coordination. Each of the four 'home countries' in the UK have different rapid response arrangements providing funding and capacity support, and these are differently administered in the devolved governments of Scotland and Wales (and also Northern Ireland). In both Scotland and Wales, case study companies such as Anglesey Aluminium have all accessed and profited from these evolved and more coordinated arrangements through PACE in Scotland and ReACT in Wales (Case studies 9, 11 and 15).

A similar arrangement for national coordination applies in Slovakia, although operating arrangements, as harnessed by the EnergoMont case study, seem to continue to evolve (Case study 3). What emerges is a pattern outside the Scandinavian case studies of substantial dependence on largely discretionary support from mainly regional public-funded agencies. Several of the case studies have acknowledged the significant contribution of these funds and the added capacity provided. Others, however, have commented on some difficulty in accessing funds and their lack of flexibility. Consequently the impact for BenQ (Case study 2) was limited, and in AutoVision regionally tapped ESF funds could only be used in the restructuring for specific training packages and not for any specific outplacement, counselling or guidance support (Case study 1). In the UK, similar limitations were expressed regarding some of the rapid reaction funds, although only in England where it was felt that the choices available to displaced employees were very limited.

There has been a legacy of direct European support to sector-specific adjustments and restructuring through structural and other funds. This has typically been in declining traditional production industries which have not been job-specific, but have had regeneration within local labour markets as an important feature for increasing employment potential for those displaced from such sectors. European-level responses have more recently gone well beyond this. In the Communication (European Commission, 2005) on Restructuring and Employment, the Commission sets out measures which aim to improve the 'anticipation and management of restructuring operations' in the EU. Subsequent developments have gone further and looked to direct support to restructuring employers and aimed at improving European competitiveness.

The subsequent Regulation (2006) on establishing the EGF ⁽³⁵⁾ stipulated two sets of criteria for receiving EGF funding: trade criteria and labour market impact criteria. The early anticipated funding ⁽³⁶⁾ focus was on three cases: at least

⁽³⁵⁾ <http://ec.europa.eu/social/main.jsp?catId=326&langId=en> [cited 10.5.2010].

⁽³⁶⁾ A financial contribution from the EGF was to be provided where major structural changes in world trade patterns lead to a serious economic disruption, notably a substantial increase of

1 000 redundancies ⁽³⁷⁾ over a period of four months in an enterprise in a Member State; at least 1 000 redundancies over a period of nine months, particularly in SMEs; and in other agreed exceptional circumstances ⁽³⁸⁾. Although, EGF support was not specific to career or occupational guidance, their focus on active labour market measures within coordinated ‘personalised’ services were designed to reintegrate redundant workers into the labour market. They could include closely aligned activities: supported job-search assistance; occupational guidance; outplacement assistance; entrepreneurship promotion and aid for self-employment; and other measures to stimulate individual opportunities to find suitable employment. Subsequent developments have seen both the levels of in-scope redundancy reduced (to 500 job losses) and the duration period for support extended.

While EGF is an important potential source of support to restructuring, it does not seem to provide a specific stimulus to career guidance-related interventions, or to assessment of the impact or effectiveness of these or other support mechanisms. Among the case study organisations, only two were directly supported by EGF, with a further one where the support was subject to agreement at the time of the case study analysis. One supported enterprise – one of the German transfer companies – outlined a protracted process for securing support and exclusion criteria, locally defined, which had limited its effectiveness. Another outlined funded support measures in retraining and outplacement which seemed already to fall within the scope of a planned and negotiated redundancy support package and where the additionality of that funding remained obscure. Most of the other enterprises and social partners interviewed were unaware of the existence of EGF support and in two other cases key personnel seem to have been inappropriately briefed about eligibility by senior PES staff.

EGF is not the only opportunity for European programme funding support. The European Social Fund (ESF) Regulation ⁽³⁹⁾ identifies as a priority increasing the adaptability of workers to support economic change. This specifically provides for ‘the design and dissemination of innovative and more productive forms of work organisation, including ... the development of specific employment, training and support services, including outplacement, for workers in the context of company

imports into the EU, a rapid decline of the EU market share in a given sector or a delocalisation to third countries.

⁽³⁷⁾ Including workers made redundant as suppliers or downstream producers.

⁽³⁸⁾ Funding could also be obtained for small labour markets or ‘in exceptional circumstances’ when redundancies have a serious impact on employment and the local economy. It was indicated that the level of funding in these cases should not exceed 15% of the EGF each year.

⁽³⁹⁾ See: http://www.esf.gov.uk/info_for_cfo_and_projects/regulations.asp [cited 10.5.2010].

and sector restructuring'. In the case study enterprises, direct use of ESF or other European funds was extensive and usually accessed through regional disbursement or joint financing arrangements. These have played an underpinning role, notably in ESF, in the career guidance and associated support provided through some of the area-based initiatives but not all.

Other European funds have also had a less directed contribution, including Leonardo da Vinci, which past research has shown to have supported parallel capacity developments and transnational work exploring workplace vocational guidance with lower paid workers, some of whom were at risk of redundancy (Clayton, 2004). None of the case study enterprises in this review have seen direct past support outside ESF and EGF, although some may have benefited indirectly.

5. Innovation and better practice

This review has sought to go beyond considering career guidance practices and other forms of support to affected workers in restructuring situations, looking at the quality of innovations and also impact achieved. The focus in this chapter is on examples of better practice by enterprises, all with the aim of assessing how transferable they are from employer to employer and between Member States. The particular focus is on:

- (a) effectiveness of enterprise and associated practices and achieved impact;
- (b) enablers to effective practice and constraints to implementation and impact;
- (c) the observed quality of innovations set in national and sectoral contexts;
- (d) the relationships between better practice and organisational maturity;
- (e) the scope and potential for transferability of better practice.

The evidence for this part of the review draws heavily on the enterprise and partnership-led case studies. To this is added some contextual information on national practices, and contrasts, which preceded the case study assessments within the study. All case studies are attributed, where permission has been secured, to cite the practices and circumstances from the employers concerned.

5.1. Effectiveness and impact

In assessing the effectiveness and impact of the various approaches to supporting workers' employability set out in the case studies, the problem is a lack of reliable local data. For many cases there are short-term indicators such as the number of displaced workers finding a job within a few months or the take-up of training places, but longer-term perspectives are generally missing. This is a serious omission since the quality of jobs will only become apparent over a longer period of time and through measuring their sustainability, earning potential and career advancement opportunities. This means that much of the information available on effectiveness and impact is of the qualitative sort and can be subjective. Even in responses partly or wholly funded by external resources such as ESF, impact evidence seems, at best, limited and short-term. The position for case studies of local and regional response programmes is little different and the impact evidence emphasises operational targets placed on contractors.

Nonetheless, looking across the case studies it is possible to identify a number of common elements that underpin the success of careers support to displaced workers:

- (a) use of specialist outplacement service providers;
- (b) provision of individually centred advice and guidance;
- (c) use of group sessions;
- (d) value of employer networks in identifying vacancies.

A combination of these activities offers the best prospect for a successful outcome but within the case studies it is possible to identify varying effects and impacts as explained.

The use of specialist outplacement service providers was virtually universal practice in all the case studies; the exception is EnergoMont in Slovakia where the practice was little developed and reliance for such services was placed with the PES. In Germany the use of transfer companies is common and in two of the case studies (Auto Vision and Siemens beE) they are company owned and operated, reflecting the constant programme or restructuring in these larger corporations (Case studies 1 and 8). In Teliasonera (Finland) and Volvo (Sweden), while a good deal of activity was provided by the companies, they still used external outplacement companies to provide certain services such as access to training (Case studies 10 and 12). In the UK companies, most of the support was placed in the hands of external placement companies, though often under a regional support framework. In the Latvian case study, Swedbank only offered such outplacement services to a small number of senior staff, with the unit cost cited as one reason why it was not more universally available (Case study 7).

However, judging the effectiveness of the various outplacement approaches is problematic. Nevertheless, the available figures suggest fairly high re-employment rates:

- (a) AutoVision, on average 68%;
- (b) Karmann, 60%;
- (c) Siemens beE ,on average 75%;
- (d) BenQ Mobile, 90%;
- (e) Teliasonera, 75%.

The BenQ case may be an exceptional achievement related to the high skills profile of the workers affected by the closure. In these above cases, substantial resources have been put into outplacement provision (Chapters 3 and 4). This contrasts with a much lower level of resources used by, for example, the UK case study companies. Here, re-employment rates tend to be much lower, in the range 35 to 40% though these figures are boosted considerably (and correctly) if the

proportions of displaced workers going into training or education are added, taking the overall totals finding an alternative activity to above 50% in most cases. However, even where the use of outplacement consultants has been limited, this has not affected reintegration into the labour market, judging by the example of Swedbank in Latvia (Case study 7). Here at the end of 2008, around 90% of staff made redundant had found alternative employment or other activity, though this had fallen to around 50% at the end of 2009, reflecting the impact of the recession.

Consideration of the type of outcome is important in assessing the effects of any support package. In some of the German cases the re-employment rates may appear high, but can be in precarious jobs; most of those rejoining employment in the AutoVision case study went into fixed-term or temporary jobs, as they did in the Karmann case where it was estimated that over 80% were fixed-term contracts (Case study 6).

By contrast, the lower level of re-employment in the UK case studies partly reflects the emphasis on allowing the displaced workers to consider longer-term objectives, taking on board future labour market considerations and going more for retraining opportunities that might provide a more sustainable outcome and, ultimately, a more socially advantageous result. This is illustrated by the case of GKN, where 12% of displaced workers chose to follow long-term training, reorienting themselves away from the engineering sector to other occupational areas with future employment potential (Case study 4).

The provision of individually centred advice and guidance emerges as essential to the success of any career guidance support. This occurred in all the case studies, though only in the case of EnergoMont (Slovakia) was this solely provided by the PES. In the other cases, the PES was frequently involved as a provider but working in partnership with the outplacement companies or other public agencies such as the career service in the case of Anglesey Aluminium (Case study 11). Further, information from some of the case studies illustrates the comparatively high levels of satisfaction with the services offered. For example, in Teliasonera a number of employee surveys had showed high satisfaction with the support given, with respondents also indicating the 'humanity' of the company's approach in creating the 'competence pool' that also had the knock-on effect of raising the morale of those employees still in work.

However, take up of individual advice and guidance varied between the case studies and there is a clear distinction between white-collar and blue-collar jobs. This is well illustrated in Volvo (Sweden) where around 80% of the displaced blue-collar staff used the support, but only 40% of the white-collar staff (Case study 12). Some of the difference may be due to the ease with which the different

employees can find alternative work (or other activity) without the need to seek assistance and this is reflected in some of the other case studies. However, overall usage was relatively high in the case of GKN in the UK, where only 8% of those being made redundant chose not to take up the support available (Case study 4). Reluctance to take up the individual support offered was even more pronounced in the Latvian case study where employees failed to embrace the group support activities on offer and the psychological sessions were also poorly attended. It is difficult to relate this to the eventual outcomes experienced by the displaced workers and the choice of whether or not to use the support will be influenced by the state of the labour market and availability of alternative jobs and how easily they can be filled by the displaced employees. It was evident that re-employment outcomes had fallen in the current recession, forcing more employees to use the careers advice available to them.

Related to the provision of individual support was the effectiveness in the use of group sessions where employees were given careers support collectively, though with some variations between case studies. In some of the UK cases, the group sessions were introduced at the start of the support process in the interests of providing general information on what individual support was available and how it could be accessed. Success here was not only measured by the subsequent take-up of individual support, but also by the timing. These events had to be held as soon as possible in the redundancy consultation period because previous experience indicated it was essential to support employees as much as possible before they left their employer and moved physically off site. However, the use of group sessions went a stage further in some cases. In Siemens (Germany), the use of advice and counselling in peer review format proved effective in sharing problems and concerns and also ideas and advice on employment and training opportunities in the wider labour market (Case study 8).

The value of employer networks in identifying job vacancies is an important finding from the case studies. Conventional thinking would tend to suggest that the PES provides the main route for vacancy information and, while this remains an important route, it operates alongside effective employer based methods of identifying vacancies. In the case of BenQ Mobile (Germany), there was heavy use of jobs fairs to attract employers with vacancies to one place. Using the relevant employers' association gave access to around 10 000 vacancies and this contributed to over 90% of the displaced employees finding jobs, mostly permanent ones (Case study 2). Anglesey Aluminium in the UK invited employers from a range of sectors, not just its own, to come to the site and interview the workers facing redundancy and this proved popular, even attracting overseas firms, resulting in substantial re-employment (Case study 11).

Overall, therefore, while it is difficult to judge precisely the effectiveness of the various approaches to career guidance, it is possible to detect that a combination of these activities offers the best prospects for success, for the individual and, in some cases, the wider social goals.

5.2. Enablers to effective practice and constraints

There are a number of factors that underpin the general approach to providing support across the case studies, the most significant of which are:

- (a) national legislative provisions surrounding redundancies;
- (b) scale and distribution of job losses;
- (c) resources of the employer and willingness to spend on support provision;
- (d) role of trade unions and other forms of worker representation;
- (e) status of public provision of support services (especially the public employment service (PES)).

These factors – often combined – will tend to dictate both the structure and effectiveness of support and are explored more fully.

The national legislative provisions surrounding redundancies are normally focused on ensuring that adequate periods for consultation are incorporated in the process and that minimum standards, as set out in national legislation, for paying redundancy pay are adhered to. However, many of the larger companies have negotiated in advance enhanced severance terms and offer longer periods for consultation and adjustment, as well as more recompense linked to length of service, though with some interesting national variations.

The UK case studies show that it is unusual for an employer to lengthen the period of consultation beyond the statutory requirement. In one case it was evident that there were real problems of security in allowing staff who had effectively left the company back on to the site; in another (Anglesey Aluminium) this was actively encouraged with an on-site drop-in centre remaining open for at least three months after the end of the statutory consultation period (Case study 11).

By contrast, in the German, Finnish and Swedish case studies, the companies were more relaxed about timing, and Teliasonera in Finland and Volvo in Sweden were actively encouraging displaced staff to take their time in making the transition, not even requiring them to do their normal jobs during the transition period (Case studies 10 and 12). This indicates attention to individual needs but also reflects favourably on the companies' sense of broader social responsibilities. Giving workers more time to adjust may mean that they can

move more successfully to sustainable jobs or other destinations such as education and training.

Enhanced severance terms

In some cases employers will offer a different level of final payment to those employees who volunteer for redundancy rather than wait for the employer to decide which jobs are declared compulsorily redundant. In the UK, statutory redundancy payment requires an employee to have at least two years length of service before being eligible for any severance pay. The total amount payable is based on age:

- Under 22 years old – 0.5 weeks pay for each full year of service with the same employer.
- 22-41 years old – 1.0 weeks pay for each full year of service with the same employer.
- Over 41 years old – 1.5 weeks pay for each full year of service with the same employer.

However, in the case of one company, the basic entitlement was enhanced with an extra GBP 5 000 for those volunteering for redundancy, the incentive being that this fell to GBP 2 000 for those made redundant compulsorily.

This type of enhanced package is quite common among UK employers except that in many cases the terms are agreed through negotiation between employer and trade unions, normally on a company or plant basis, and then form part of a collective agreement. Those taking voluntary redundancy would normally have the same access to support and guidance as others.

Source: Van Kempen, 2008.

Elsewhere, this may be a situation that many firms going through restructuring can ill afford, especially when the focus is on urgent restructuring, rapid cost reductions and business survival. Here there is a clear role for local, regional and national support structures stepping in to fill any gap left by the employer caused by the intensity or dislocation. However, delivery of such support normally means continuing the service once the displaced employees have left the company and this can lead to problems of access or commitment on the individuals' part and difficulties for the support providers in retaining contacts with, or even tracking down, their potential clients after redundancy.

The scale and distribution of job losses will tend to have an effect on the scale, quality and method of support delivery. Some firms can be overwhelmed by the situation, particularly if this is a new experience. While there are no specific examples of this among the case studies, there were a few cases where firms found it a challenge to deal with the changes. In the EnergoMont (Slovakia) case study, the company had few resources to provide support for displaced staff and had to rely on external public support through the PES (Case study 3). Similarly, in the UK, the financial situation of a company meant that it could not afford to put

in place extra support measures and so welcomed the intervention of a regional support programme.

The role of trade unions and other employee representative groups is important to support in times of restructuring for a number of reasons. First, where trade union membership density is high (and this applies to all the case study firms in Germany, Finland, and Sweden and, to a lesser extent, the UK) a previously negotiated agreement on provisions in the event of mass redundancies, extending to severance terms and support measures is more likely. This can lead to more being offered but perhaps less flexibility for the employer. In EnergoMont, the company did not have trade union representation and so there was no specific policy in place to offer support to employees, hence the approach to the PES for assistance.

Active participation of trade unions, works councils and other employee representative bodies can also have a positive effect on the quality and extent of the support delivered. In AutoVision (Germany), a heavily unionised company, the effective operation of the transfer company depends on collaboration between employer and works council and this is a similar situation in the Karmann (Germany) case study. However, it does not have to be trade union led. In GKN (UK), the consultative body comprises representatives from all the trade unions, from those not in a union and from management but works to the same ends as a more formally constituted works council.

Employer and works council collaboration

The transfer company AutoVision (DE) relies heavily on collaboration between the employer and the works council. A restructuring programme can be a sensitive issue for the company which, naturally enough, wishes to minimise any adverse publicity from the activity, particularly where the product might be sensitive to consumer choice.

In Germany, the works councils are strong representative bodies that are fully involved in any consultations and decisions on restructuring. In this case study it was stated that the success of the activity can be down to the 'grade and quality' of the works council and its commitment to the necessary changes and the contributions it makes to the process. It is important that good relations and collaboration extends to ensuring that those remaining in work are satisfied that the whole process has been transparent and equitable.

Source: Case study 1.

As an enabler to effective practice, public provision of support mechanisms is important in all the case studies and crucial in some. The PES in the case studies covered here is the principal repository of job vacancy information and so is

essential in any support package made available to displaced staff; in all cases they were, though to varying extents. The PES seems to have been most actively involved in those cases where it is invited onto the employers' sites to deliver information on their services and benefit options. The key issues and potential constraints include the speed with which the services respond (being on site as quickly as possible is essential when the consultation period is short) and the quality of service offered. This was a particular issue for the case study in Slovakia but less so for the more mature and developed PES arrangements in the other Member States. The review suggests this is a feature of at least some other of the newer Member States, in particular those emerging from central state controlled economies.

One other condition for the effective use of the PES and other support mechanisms in the public sector is their willingness and ability to work with private agencies engaged and funded by the employer. In one case (Anglesey Aluminium in the UK) there was an initial degree of tension between the private outplacement agency and the careers service provider but, under the encouragement of the employer, they managed to establish some clear lines of demarcation, setting the basis for collaborative working that then proved effective (Case study 11).

Finally, in assessing the enabling conditions to effective support, displaced workers are not a homogeneous group and do not lend themselves to a 'one size fits all' approach. On the contrary, the ability of career guidance support to provide for at least some customised element in differentiating support to individual needs and circumstances seems a common success factor for case studies in different national contexts. The case studies have demonstrated that employees come from a variety of backgrounds and face different challenges in finding a new role. In Anglesey Aluminium (UK), many of the employees have very long service and have been out of the job market for some considerable time; they need special support in job search and interview techniques. However, in EnergoMont (Slovakia) there was no extra support for those especially vulnerable workers through the PES. In AutoVision (Germany) the problem of finding suitable alternative employment was hampered by a low level of geographic mobility among the workers caused, in part, by their long attachment to one employer. There was some evidence that the more support given (particularly of the financial sort as in Siemens), the greater the danger that employees will artificially prolong their support period, leading to inefficiencies across the board.

5.3. Innovation quality

Innovation is a difficult concept and especially for comparative and organisational level research such as this. Applied to career guidance within restructuring contexts, the term innovation requires some elaboration. Looked at in absolute terms, the provision of support – by enterprises or others – to those displaced by restructuring in enterprises is not necessarily an adjustment that lends itself to truly ‘novel’ activity. There is little that is completely untried and new in supporting displaced, or soon to be displaced, employees. Innovation, for this review, has been more about discovering examples of where traditional support activities have been applied in particular combinations, targeted or modified or augmented through collaborations to increase their effectiveness in assisting displaced workers in the transition to a positive outcome from leaving their previous work. Such a positive outcomes might be re-employment within the same enterprise, achieving work at another employer, self-employment, or entry to education or training or a successful transition to retirement. The quality of the transition may be as important as the change itself, in terms of issues such as the appropriateness and sustainability of the alternative work.

The case studies display a range of approaches to providing support for displaced workers and, while there are differences in approach between employers within the same Member State, it is clear that major differences emerge across national lines. This reflects the preliminary conclusion of this review following a series of national state of play assessments. It is best illustrated by the case studies of selected practices drawn from the manufacturing sector in Germany. Here, the central approach seems to be to support with devolved and coordinated provision through previously established social partnership arrangements to set up, fund and manage transfer companies focused on dealing with the consequences of job displacement. Although, exact practices and processes vary, transfer companies effectively take over the delivery of support to the redundant workers and can draw on specialist expertise, both within and outside, to offer a package to employees to help the transition out of the company and into another job or other positive outcome. In parts of German manufacturing this is established practice in restructuring situations and, while not universal, especially among smaller firms, transfer companies remain a distinctive feature of adjustment.

Two of the case studies where transfer companies are involved, AutoVision and Siemens, were set up by the respective multi-national employers (both very large) and service all the various plants and divisions in Germany. In both cases, these existing relationships provide a very strong basis for effective support, with

adequate resources. AutoVision offers a financial incentive (the 'mobility premium') to displaced staff to encourage them to move into new jobs as early as possible in the run-down period, an approach that is considered good for the employee (reducing the period of uncertainty) and good for the employer (by reducing the duration of support needed). Another interesting innovation from this transfer company is the approach of delivering all support activities at a location different to the displaced worker's own work site. This is purposefully done to help disassociate the worker from the old job and working environment and provide a reminder that this should be placed firmly behind them.

Transfer companies tend to focus on individual counselling matched by a customised package of support measures and they tend to be fairly self-contained because they are well resourced. An internal jobcentre was set up on site in Siemens without the need to bring in the local PES, which is more common in other Member States. This transfer company has its own array of other enterprise contacts with employers throughout Germany which use the internal jobcentre as their own recruitment vehicle. The transfer company also has a more extensive working relationship with the employer and works in more general aspects of human resource management support, such as recruitment. This has enabled it to accumulate substantial knowledge of the company workforce which can be put to good use in developing customised support to the displaced employees.

Transfer companies also tend to provide a support service for much longer than the normal redundancy period. Because they are funded, and in some cases have devolved operation, by the employers, they have a continuing presence and a focus for the redundant workers: they know clearly where to go for help, even after they may have found alternative employment. In Siemens the support to displaced employees is kept in place for up to two years to ensure placements are as appropriate and socially valid as possible.

Beyond some of the identified 'pool' arrangements in parts of Scandinavia, and notably in the Teliasonera case study of Finland, offering this continuity and length of support does not appear to be replicated in the case studies in other Member States. In the UK it seems to be unusual for the company-based or associated workplace support services to be available much beyond the statutory redundancy period of 90 days ⁽⁴⁰⁾. In Anglesey Aluminium, the on-site drop-in centre is planned to be open for around three months after the end of the notice period, but this is not common practice. Also in this case, the support extends to

⁽⁴⁰⁾ In the UK the 90-day consultation period applies to collective redundancies of 100 or more workers. Redundancies of fewer than 100 but greater than 20 require a shorter consultation period of 30 days.

providing a dedicated and secure website for the redundant workers, where they can access supportive resources including vacancies, information on access to training and even online advice and counselling.

In the UK, there are no transfer companies as such, but extensive use is made of 'outplacement companies'. These carry out a similar role, though it tends to be less intensive and much more part of a collaborative package of measures used, often combining the company's own resources and those of the public sector agencies and careers advisory services (known by different names in different parts of the country). This gives rise to one of the significant features of the approach in the UK, which is the generally high level of collaboration between the agencies in delivering the support package. In the GKN case study, bringing together the company's own HR services with the specialist outplacement company, funded by the employer and Jobcentre Plus, the locally-based PES, was organised on a clear delineation of activities. The PES provided vacancy and benefit advice, the outplacement company delivered job preparation training and careers advice, and the company itself scored the individuals identified for redundancy. This functional mix and collaboration appears to work well in supporting displaced employees. This company also had access to a regional support framework, principally funded through the ESF. This complemented the other activities in providing funding for training and retraining that would not normally be available through mainstream funding sources: these are often linked to formal qualifications, can be inflexible in enrolments and start-dates within local providers, and can span too long a period. Similar support was also marshalled across restructuring enterprises – of all sizes – through the Better West Midlands rapid response programme. This kind of largely reactive regional support is becoming a common feature of the support available in the UK, though it is not uniform throughout the country.

In PACE, the support example is in Scotland and was dealing with a medium-sized company with limited resources to provide a comprehensive service to its displaced employees. The emphasis was on coordinating activities and early introduction of support services on site. This helped inform the workers of their options and dispel myths about what they might or might not be entitled to; it also contributed to a general lift in morale among the whole workforce at a difficult time. In another example, the East of England Development Agency, the regional support framework has been available for some time. However, there have been recent efforts to make it more widely known in recognition of its success and this has included media promotional activities and employer workshops on managing restructuring. The support given has an emphasis on flexibility and, without significant restrictions in terms of timing, allowing the displaced employees time

to consider their options. The employer can also exercise choice, for example choosing a careers advice provider from an approved list.

Where support for training and retraining is available, this has led to displaced employees taking the opportunity to reorient themselves by choosing a different career trajectory, sometimes dictated by a personal desire for change, or by a realistic perception of where future jobs might be. To construct a realistic perspective on future labour market prospects demands adequate information. However, this is not always the case, partly because of the inherent difficulties in labour market forecasting. Since this sort of information is crucial to making informed career choices, in Karmann, Germany, the transfer company carries out its own regional labour market analysis to support the advice given. This is unusual and is partly due to the resources available in this case, though the company concerned is not particularly large. However, there are more cases where employers use their extensive contacts to assess where job vacancies are and use this information, alongside other, to illustrate where labour demand is. This contact with other employers is taken to another stage in cases where employers bring on site representatives of other companies to interview and recruit their displaced workers. In the case of Anglesey Aluminium, in the UK, national and international employers have come on site to inform and interview displaced workers with considerable success in finding suitable new employees. In the case of Siemens, the range of employer contacts maintained by the transfer company extends to 5 500 enterprises nationally and internationally, with the information available through the dedicated on-site jobcentre.

The individual support given can vary and is often related to the size of the company and the resources at its disposal. There are two examples where the scale of the support is particularly innovative and which have a broadly similar approach based on giving the displaced employees more time to consider their options. Teliasonera has introduced its distinctive 'competence pool' to which those staff facing redundancy are transferred so that they can receive specialist support to help them find an alternative job or other suitable outcome while still receiving their normal salary. The pressure of working out a period of notice is taken away and the employee can concentrate on the transition outside the company. One of the indirect impacts of this approach is that it helps create a harmonious atmosphere in the company generally and, in particular, among the remaining workforce. In Sweden, Volvo has instituted large-scale redundancies following restructuring and, while the individual support activities involved have not been particularly innovative, the scale of the operation and its duration has. For example, staff being made redundant are given long periods of notice of between four and six months, corresponding with the comparatively generous

statutory requirement in Sweden, during which they have significant flexibility on what they want to do, since they are not required to undertake their normal jobs. Other, more subtle, approaches to delivering support include BenQ Mobile in Germany, which found the use of peer group discussions very effective as they provided a wider forum for sharing concerns and widening perspectives on the options available. In Anglesey Aluminium there was considerable interest in the self-employment option and so the company was able to offer some protected workshops on site at no cost to enable some employees to test out their business ideas.

Peer group discussions

In BenQ Mobile (DE), group discussions among the displaced staff have been introduced as part of the support programme. The aim is for employees to share concerns and discuss options in a collective way, facilitated by experienced counsellors. According to the provider they are rated very highly by the participants, giving them a forum for discussing aspirations and bringing a sense of perspective to their situation. However, key to the success of the discussions is to involve only those employees with similar qualifications and jobs.

Source: Case study 2.

5.4. Better practice and organisational maturity

Information on the efficacy of the various approaches is hard to come by and variation in the policies adopted, differing in detail and in context, make drawing conclusions problematic. It may be more appropriate to consider extracting some of the more common ingredients from the case studies that provide a basis for determining better practice. However, as a starting point the question could be posed: do employers in general take responsibility for providing support to employees displaced by their restructuring? There is no straightforward answer. In the case studies in Germany, Finland, Sweden and the UK, employers generally do fulfil an obligation to provide support, though this varies considerably in its nature and scope. However, in the example from Slovakia, the provision of anything above the statutory requirement of, for example, redundancy payment appears to be atypical, with the exception of the case study company providing some careers support in collaboration with the PES. Here, this seems to be related as much to issues of institutional maturity, echoed also in the Bulgarian situation (where no appropriate innovation case study could be identified), as to enterprise development and maturity.

On the available evidence, the larger and longer established employers are more likely to provide more extensive career guidance support to displaced workers, but still the depth and breadth of provision may be patchy. The provision seems to be directly related to some aspects of organisational maturity; examples include human resource management capabilities, external partnerships and social dialogue structures. However, other aspects of organisational maturity not linked to management or employee relations structures may also be involved, such as past experience in managing the workforce adjustment consequences of change.

For some, past experience of change management was frequent and extensive. GKN has been restructuring its operations in the UK for many years and since 2002 has gradually reduced employment at its three sites in one part of the West Midlands region from 3 500 to around 500. In Volvo in Sweden the same experience applies, though the scale of the recent job losses at over 4 000 have been unprecedented for this company. New logistical problems – not least how such major changes will affect local communities – had to be addressed. This case is probably the most robust example within this review of a situation where an employer has considered the wider implications of job losses and extended its practice of ‘social responsibility’ well beyond the boundaries set by the direct concern for workers, although elements of this are also evident in the Teliasonera. It could be argued that employers should adopt these wider perspectives and, in an ideal situation, this may be correct.

A further feature of enterprise maturity seems to be the extent to which it understands or has developed the ability to work in partnership with other public and private sector bodies, including in providing for, or enhancing, career guidance support. This has been explored more fully in the previous chapter, where this emerges as a crucial ingredient of effective adjustment in a variety of enterprise restructuring and national contexts, most notably in the quality of cooperation with PES. On this evidence, it seems that a crucial success factor for restructuring adjustment to harness career guidance for the benefit of displaced workers is past organisational experience of medium or larger scale job losses, or of collaboration with related external services.

5.5. Better practice and transferability

In assessing the transferability of the career guidance practices in restructuring situations, there are many factors to consider. These include the labour market policy environment, the institutional structure and context (including consideration

of the mix of public and private provision and how they work together) and the general state of the labour market. Here, the effectiveness of any support programme will be influenced by external factors. In a slack local or occupational labour market, where alternative job opportunities are more plentiful, the transition for displaced workers should be more easily accommodated and the challenge to the career guidance and support less acute. Further, the prevailing labour market conditions will also dictate the quality and the quantity of the outcomes. Greater employment choices can lead to displaced workers finding jobs comparable or even better than their previous jobs, as measured in terms of wages, non-wage benefits, conditions and status.

Tight labour market conditions may have effects that go beyond the diminished demand for labour and supply of vacancies. In particular, when labour market conditions are not generating many new jobs this may lead to displaced workers putting more emphasis on their medium to longer term options, provided that they have adequate financial support during this period. In such circumstances the careers advice and guidance faces a stretched challenge. With appropriate support this can lead to a more considered decision being taken with, for example, individuals choosing to retrain or enhance their existing skills, or to prepare appropriately for, and engage with, self-employment. In all cases the role of careers support is crucial. The case studies provide a rich source of information on how this support has been delivered and examples are given where the different routes have been opened up.

6. Case studies on socially responsible restructuring

This chapter provides a full description of sixteen examples of restructuring processes, with a specific focus on the support services delivered to redundant workers. It includes a small number of regional partnerships in the UK that support local employers to restructure their companies in a way that minimises negative effects on workers and local communities. The case studies provide practical evidence of socially responsible practices that support the reintegration of workers into employment. The example final selection process was extremely challenging, since a number of enterprises were reluctant to participate in the review. The case studies provide contrasting experience from Germany, Ireland, Latvia, Slovakia, Finland, Sweden and the UK, in terms of the services offered to both workers who risk being made redundant and companies undergoing restructuring. These contrasts also embrace the types of safety nets provided to workers facing redundancy, the range and depth of career guidance services, and different traditions of enterprise commitment to the training and professional development of their employees.

The analysis of case studies was customised to the particular context of their practice, but included:

- (a) the restructuring context, formal and transition arrangements set against any national, sectoral or enterprise-level agreements, and agreed enhancements;
- (b) cross-agency planning, preparation and collaboration processes (including affected employers, social partners and sectoral agencies) to draw together adjustment plans and approaches, including any local and European funding;
- (c) processes through which career guidance and other support services have been articulated to customise provision, to broaden access to workplace guidance, integrate support to redundant workers with mainstreamed services, as well as for workers' referral, for example, to transfer agencies or PES;
- (d) applied practice in career guidance and counselling for differentiating, personalising and adapting support to the needs of different target groups, and the quality of achieved customising provision;

- (e) quality of partnership and cooperation, including transfer companies, public employment services, guidance providers and local employers;
- (f) practice for targeting vulnerable and high social cost risk workplaces and workers, in particular arrangements that opt for differentiation over mainstream services;
- (g) evidence of the returns on the adjustment processes, including any quantified evidence of employment and educational outcomes;
- (h) a review of the enablers and constraints to effective practice of socially responsible restructuring.

Case study interviewing was tailored to reflect delivery and circumstances and included a range of managers, selected practitioners and partners, and, in some cases, referred feedback from employees through programme monitoring information.

The case studies provide information on the context in which restructuring takes place, the processes and practices in place to support at-risk workers, cooperation arrangements with external organisations, impact and effects of the guidance and adjustment practices on redundant workers, and innovation and effectiveness of the adopted restructuring strategies. Using these case studies, the final chapter attempts to formulate commonalities and differences in the support provided to redundant workers, as well as key success factors and policy messages to develop socially responsible practices in enterprise restructuring.

6.1. [Autovision, Germany \(CASE STUDY 1\)](#)

6.1.1. **Background and context**

AutoVision GmbH, an offspring of Volkswagen, was originally established to provide HR services to automotive companies. The scope of services offered and sectors covered broadened over time; since 2003, AutoVision has offered commercial, technical and human resource services to companies from all sectors, in particular, automotive and manufacturing industries. Services comprise the management of transfer agencies and companies, qualification management, temporary work and placement services, as well as regional labour pools. These create jobs by matching workers with certain skills to firms according to labour demand.

AutoVision has branches in 18 German cities, including the headquarters at Wolfsburg, and provides career guidance in restructuring throughout the country. Branches also exist in Belgium, Hungary, Portugal, and Slovakia, cooperating mainly with the Volkswagen establishments situated there. In some German

regions, notably around Emden in the north-west, AutoVision is the top player in transfer market services. In 2008, the company had over 7 000 employees (excluding redundant employees in AutoVision-run transfer companies), a turnover of EUR 346 million, and 190 running projects.

Whereas companies seek to hire additional highly qualified personnel even during restructuring, low-skilled workers, especially in manufacturing, constitute the highest proportion of those being made redundant. These job cuts are often carried out during economic downturns, but they are increasingly not being reversed in times of upswing. Instead, companies resort to temporary work or similar HR services to remain flexible in terms of labour cost.

The scope of transfer services requested by customer companies varies considerably. Some already have a very detailed concept of the planned restructuring processes; others turn to AutoVision for support during the conceptualisation phase. Bigger firms are generally better prepared, although there are exceptions of small companies already holding elaborate restructuring plans. Besides lacking experience, a reason to request support already in the planning phase is the desire to conduct a 'quiet' restructuring, to avoid damage to a company's image. Interviewees further stressed that successful preparation of restructuring and transfer measures depends critically on the grade and quality of the work council's commitment and contributions.

6.1.2. Restructuring and job losses

The size of job cuts AutoVision deals with ranges between layoffs of just a few people and closure of entire plants. The biggest number of redundancies in a single restructuring case was 6 000 employees. Transfer companies varied in size from six employees (from a small engineering firm) to 470 employees.

In general, all kinds of employees, regardless of occupation and educational background, are regularly affected by layoffs. However, the risk of redundancy is significantly higher for unskilled employees, and those in manufacturing departments. Further, there are always certain groups which are targeted preferentially, namely temporary workers, workers with short-term contracts, and employees close to retirement age.

Occupations secure from job cuts often exist. They are usually determined through the corporate strategy and comprise key functions deemed indispensable for achieving some strategic goal. AutoVision sometimes even provides placement and employee development services for these positions parallel to services for redundant workers from other occupations. A different job protection measure sometimes used is the agreement of an employment

guarantee for the remaining core workforce after the restructuring. The phasing of the restructuring process involves:

- (a) the first two to three months correspond to the conceptualisation phase and the development of the restructuring strategy, including decisions on broad scope and size of job cuts (if the restructuring is an emergency measure, this phase can be substantially shorter);
- (b) another two to three months are needed to decide on exact numbers of redundancies, elaboration of selection criteria and precise measures accompanying the restructuring. During this phase, typically an employee assembly is held and the social plan is agreed, if there is a works council;
- (c) two to six weeks are required as a preparatory stage, until full implementation of decided measures. Individual transfer agency services may already become available during this phase.

During the current economic crisis, customers often take advantage of the maximum length of cyclical short-time work regimes before setting up a transfer company, trying to avoid layoffs as long as possible.

6.1.3. Restructuring practices and processes

AutoVision provides a wide range of advice, counselling and guidance services, as well as retraining and work placement measures. Although normally all employees have equal access to these services, some qualifications exist. First, some outplacement services provided by a transfer agency may only be offered to certain individuals in key positions, especially if it is at an early stage of the restructuring process. Second, counselling and training on business start-up is only given to those for whom this prospect seems feasible considering their occupational and motivational background. Further, there are budgetary limits for qualification measures according to individual need; for an already relatively high-skilled worker, qualification measures might not be expected to improve employability substantially.

More vulnerable employees do not receive specific support in the sense of distinct services. The counselling may be more intensive for them, especially concerning face-to-face discussions, group discussions and job search aid, but these are only differences in guidance process intensity.

Support to non-employees is very limited, due also to the specific legislation governing transfer agencies and companies. Sometimes it is possible to redesign outsourcing structures, to minimise the impact of restructuring on suppliers, but the influence that can be exerted in this way is limited. Since personal and psychological crises are not infrequent in the wake of job loss, face-to-face discussions are also offered for family members of the redundant employee;

those affected may be referred to professional therapists for further psychological assistance, outside the transfer measures.

The services are provided on-site by AutoVision in the case of outplacement and transfer agencies. Activities in transfer companies, in contrast, take place at separate premises to stress that for the employees, the new 'job content' is to find new work. The AutoVision staff conducting the activities consist mainly of HR specialists, psychologists, pedagogues and lawyers. Many of them have their own experience with non-linear careers and are usually older than 35 years, which gives them higher credibility in the eyes of the participants in restructuring measures. Job application training, qualification measures and business start-up training are frequently carried out in cooperation with external partners. Specific services offered to individuals involve a personalised combination of measures:

- (a) individual profiling and aptitude tests are conducted on-site before starting a transfer company, typically taking around two days. At this point, employees are assigned a personal adviser who will accompany them through the whole transfer process;
- (b) the orientation phase is carried out in the two weeks at the transfer company, individually or in group sessions. Participants enlarge their occupational perspective, analyse the labour market, reflect on possible alternatives to the former job characteristics, and discuss monetary expectations and needs, thus contributing to sectoral and geographical mobility;
- (c) the career planning results in an agreement on objectives and an alternative plan is also elaborated. Individual face-to-face discussions with the personal adviser, at least once a month, take between one and two hours;
- (d) regular group discussions and workshops may deal with job search and interview techniques, IT training and business start-up, if appropriate. Within the advice and training in business start-up, a decisive aspect is the facilitation of contacts to possible business partners. An important aim here is to build up motivation for commitment and a proactive attitude in job search;
- (e) the job search includes tapping of information resources and networks, matching employees to possible job offers and advice in application strategies. An integrated IT system covering all of AutoVision's HR services is employed for this assistance, which manages job offers and application documents, and can be accessed by the redundant employees, as well as by employers;
- (f) work placements (internships) are organised in cooperation with potential employing companies, to 'try out' prospective employment fields. A slightly

different instrument is a 'trial employment contract' ⁽⁴¹⁾, by which the employee is guaranteed to be allowed back into the transfer company should his new employment relationship not be successful or satisfactory. For this purpose, the transfer company contract can be suspended for up to six months;

- (g) unofficially, legal counselling is also provided on newly concluded employment contracts.

The precise combination of these components is agreed with the customer company on the basis of the budget available and employee's needs. Generally, all instruments are applied to a greater or lesser extent. Whereas the costs of outplacement and transfer agency services have to be borne by the customer company, transfer companies are partly financed publicly: 50% of total costs, maximum EUR 2 500 per employee.

AutoVision informs corporate customers about EU funding opportunities, mostly for qualification measures and business start-up training, and helps them with the application procedures.

6.1.4. Cooperation and external capacity

AutoVision uses external capacity in job application training, qualification and business start-up training, through private educational institutions, whose services are closely monitored. Partners have to adhere to AutoVision's concepts of transfer services. A further criterion is previous success in restructuring projects.

Cooperation and exchange with PES on job search, and especially in the career planning component, is regarded as fruitful. For each transfer company, the local employment agency has to approve the details of the contractual design. The degree to which employment agencies are willing to accept unusual or employee-specific terms varies considerably from region to region. Overall, interviewees assert that both the cooperation and the quality of PES services have improved over the last decade. Most notably, the PES advisers to companies undergoing restructuring have acquired a broader range of relevant competences.

AutoVision cannot provide these services on its own, especially qualification measures. Cooperation with external partners increases opportunities for skills development, and therefore employability, of employees as well as their access to information about vacancies and alternative occupations.

Two constraints or obstacles to effective cooperation were mentioned. First, in some qualification initiatives, private educational institutions failed to provide the

⁽⁴¹⁾ German: 'Probearbeitsverhältnis'.

services initially requested by AutoVision. Second, a problem arises sometimes when PES adviser counselling to employees points in a completely different direction from that given in AutoVision's internal guidance activities.

6.1.5. Impact and effects

The overall re-employment rate in AutoVision's recent transfer companies is 68.2%; rates for individual projects range from 50% to 83.5%. These data only refer to the first job after the employee has left the transfer company, since information on the subsequent employment history of an individual is not provided to AutoVision. Nevertheless, the quantitative effect on employability of each single measure in a transfer company is hard to determine.

The distribution of successful placements is not uniform over the time a worker stays in the transfer company. Most employees find new jobs during the first three months or around the end of the legally possible period in a transfer company (12 months). Most participants enter positions with fixed-term contracts or under temporary work regimes.

In terms of the most effective forms of support provided, the orientation phase is seen as crucial to successful reintegration into the labour market, since they boost the motivation and initiative of the employee.

Work placements seem to be very helpful, with 8% of re-employed workers having undertaken one or more internships while in the transfer company. The related 'trial employment contract' appears to be most effective in encouraging employees to take up a job opportunity. Since 98% do not return to the transfer company from these jobs, it can be assumed that the possibility of reintegrating the transfer company if job conditions are not satisfactory induces workers to accept job opportunities more readily.

Services offered seem less effective for vulnerable groups of workers, an exception being business start-up training for older employees. In a start-up, they can be attractive partners for entrepreneurs who have bright product ideas but lack skills and experience in running a firm. Our interviewees contend further that individual motivation has often more influence on re-employment than potential affiliation to a vulnerable group.

Since AutoVision started operating in the transfer market business in 2003, processes have evolved continually. The orientation phase particularly has been refined and improved. One other notable advancement is the implementation of an integrated IT system for managing human resources services.

6.1.6. Innovation and effectiveness

What differentiates AutoVision from other transfer services providers is that its transfer agencies and companies are conceived as a part of a larger human resources development process. Since the company provides many other services in human resources, such as employee development, relations with customer companies often predate restructuring, which enables AutoVision to be involved in the planning process from start. Four characteristics can be listed as particularly effective:

- (a) the extended orientation phase at the beginning of the counselling activities;
- (b) the mobility premium for exiting the transfer company quickly into a new job;
- (c) support measures are mainly not conducted at the job site (but geographically close);
- (d) institutionalised feedback from client employees and employers through questionnaires and steering committee.

The orientation phase tends to be longer and more intensive than in other transfer companies. The benefits of this phase lie mainly in the heightened motivation and initiative of employees. Another feature is the 'mobility premium' for those who enter a new job early during their stay at the transfer company, as agreed in the social plan, which is an effective incentive to search for job offers and take up opportunities quickly.

According to the interviewees, the effectiveness of the individual support was raised by the fact that all activities undertaken in the transfer company take place at a location different from the site of the former employer (but somewhere in the same region, to minimise demands on employee geographical mobility during the transfer phase). This physical separation from the old job site aids the psychological dissociation and the disposition to face the new situation actively.

Regular feedback from participants and the establishment of a steering committee composed of employer and employee representatives are key features of quality management.

The biggest obstacle to successful placement into new jobs from the employee side was said to be their low geographical mobility. This is understandable for workers who have families which are often deeply rooted in the social network of their locale. The other obstacle mentioned is a side-effect of the new anti-discrimination legislation. Employers now usually do not give any reason when turning down a job application out of fear that justifications might pave the way for discrimination charges against them. This practice, which prevents applicants from analysing possible weaknesses in their application and improving their strategy, tends to affect workers' motivation negatively.

The initial attitude of companies towards establishing a transfer company depends largely on the experience that management and works council representatives have gained in the past with this instrument, either first-hand in earlier restructuring projects or through accounts of other firms, as well as on the quality of the external partners involved. After the creation of an AutoVision-managed transfer company, feedback from customers is usually positive, since more and more firms come to see the transfer company as creating a win-win situation for them and their former employees. The instrument has become quite popular, and local policy-makers tend to suggest the setting up of a transfer company if a firm faces redundancies. As a reason for this popularity, AutoVision considers that transfer companies strain public budgets less than the outcome of job cuts.

The main messages for other organisations facing restructuring is the need to establish a framework contract with their transfer services provider, specifying minimum standards and benchmarks for assessing the extent to which agreed services have been provided. This is crucial for ensuring quality of guidance, training and counselling measures, and for providing fast and effective starts.

Further, the company called for more strategic thinking and proactive behaviour in human resources planning. A sound personnel development strategy can make restructuring either unnecessary in the first place or alleviate its impact to a considerable degree.

6.2. **BenQ Mobile in Germany (CASE STUDY 2)**

6.2.1. **Background and context**

In 2005, the Taiwanese electronics company BenQ took over Siemens' mobile phone branch and merged it with its own, creating BenQ Mobile GmbH & Co. OHG. This newly formed daughter company continued operations at the former Siemens establishments in Kamp Lintfort, Bocholt (production) and Munich (development, sales and distribution, administration). This case study is concerned only with the Munich establishment.

During the years preceding the takeover, Siemens had failed to adjust to several upcoming trends on the mobile phone market, so the mobile phone branch was in a critical state when it was incorporated into the new BenQ Mobile company. Since failures in strategic orientation were not corrected, product image deteriorated further following the transition of the brand name from Siemens to BenQ. Sales figures plunged in 2006, leading the mother company to stop financial support to BenQ Mobile. Insolvency was declared in September

2006 and production ended in December, when it became clear that divestiture of the company was inevitable.

Siemens had already devoted many resources to in-house outplacement services and career guidance support well before the mobile phone branch was sold. When it still belonged to Siemens, individual outplacement measures were often a component of restructuring schemes. After the takeover, a small dependent establishment in Ulm was closed. A transfer company was created for the redundant workers.

6.2.2. Restructuring and job losses

Following the insolvency, 752 workers were made redundant. Most were in their early thirties, but the number of older employees (up to retirement age) was also substantial. The workforce's occupational and qualification characteristics reflect the functions carried out in Munich, with no unskilled workers; about three quarters of them were university graduates, predominantly engineers, working mainly in development. Non-academics were employed mainly in sales and distribution or administration.

Since the establishment was being shut down, there were no safe occupations. However, a few highly qualified employees were specifically targeted by Siemens and were offered re-employment in their former mother company. Virtually all remaining workers joined a transfer company conducted by Train from January 2007 onwards.

6.2.3. Restructuring practice and processes

BenQ provided the premises, some HR expertise necessary for the group outplacement measures, and contacts to closely related companies to place redundant workers. Further, Siemens felt responsibility for its former workers and, in its own recruitment, favoured applicants who had lost their jobs due to the BenQ Mobile insolvency.

All support measures after the shutdown of production in December 2006 were carried out within the transfer company. Siemens bore most of the employer's share in the transfer company costs; the remaining funds came from the bankrupt estate of BenQ Mobile.

6.2.4. Cooperation and external capacity

The transfer services provider Train was contracted to run the transfer company for BenQ Mobile workers. Specific services were offered in the transfer company:

- (a) individual counselling takes place through regular meetings with the personal adviser. Counselling continues on a voluntary basis for five months

- after an employee has left the transfer company, no matter whether he has found a job or not;
- (b) peer group meetings bring together a group of colleagues with the same occupational and qualification background. This allows assessment of individual progress in finding a new job and developing personal networks;
 - (c) job application training and assistance with job search are also organised;
 - (d) advice, counselling and training on business start-up were supported through specifically developed software. There was high demand for this service, probably reflecting the relatively high qualification of the workforce;
 - (e) in job fairs, potential employers were contacted actively and presented with the transfer company members' profiles;
 - (f) internships enabled soon-to-be redundant workers to get to know prospective employers;
 - (g) qualification measures covered mainly key competences and foreign languages, since formal education levels were already relatively high.

Cooperation with the local labour agency (PES) was close, especially in placement activities and job fairs. While collaboration was defined as fruitful, interviewees were critical about the efficiency of placement services by PES, failing to suggest suitable job vacancies. An exception was the public placement agency for executive positions, located at Frankfurt, which produced a higher number of successful reintegration cases.

Qualification measures were carried out by external educational institutions contracted by Train. Since Train's mother company is an educational institution itself, it has sound experience in the selection of these external partners.

Business start-up counselling and training was carried out with the assistance of the University of Ulm, which developed a pedagogical software for the courses. This accompanies every step in the preparation process, until the actual start of own business.

ESF support through the Federal Labour Agency (ESF-BA) was comparatively low, because most qualification measures needed by the participants were not eligible for this kind of support. ESF funding through the Bavarian State was higher (exceeding EUR 1 000 000). Considerably more important were the funds from the European Globalisation Fund (EGF). These supports helped finance continued counselling for up to five months after employees left the transfer company, as well as the peer group activities.

Although the EGF contributions were very important, administrative procedures associated with it were judged too heavy. Application for funding is very labour-intensive, decisions on granting support take too much time, and the preparation and follow-up work of the restructuring process is not financed.

6.2.5. Impact and effects

After the transfer company and the subsequent five-month period of continued counselling, the employment rate was extremely high. Some 90% of the participants had found new jobs, and only a minority entered fixed-term contracts. This success is partly attributed to the high levels of worker qualification and the positive overall labour market situation.

The rate of participants who started their own business was also relatively high at 8%. In contrast older employees who had been employed at Siemens before for a long period were extremely difficult to reintegrate into the labour market. Used to salaries well above the market average and other additional benefits, their monetary flexibility was very low. Only 10% of them found re-employment in the period under consideration.

Job fairs and related activities were very effective. Many well-known companies showed their interest and presented themselves as potential employers, including some with no presence in Germany. This interest also had an indirect effect by boosting worker motivation. Also highly successful was a concerted mailing to all companies organised under the employers' association of the Bavarian metal and electronics sector. It presented the potential of the transfer company participants as valuable employees. The response was huge, with 10 000 vacancies offered.

Main success factors for the transfer company underlined the efforts made by the former mother company Siemens in supporting outplacement: an in-house clearing agency matched Siemens vacancies with redundant employees from BenQ Mobile. Another important factor was the support of employers' associations, which was critical in opening up contacts to other companies. Bavarian employers have come to view transfer companies as a valuable restructuring instrument and are actively promoting it as a means to create win-win situations.

The BenQ Mobile insolvency had turned into a highly politicised issue and increasingly attracted media attention, which made careful public relations work necessary. This development led all interested stakeholders (the insolvency practitioner, Siemens, the labour union, the Bavarian government) to interfere frequently in the transfer company's operations. This was not detrimental to the results, but required great effort to coordinate all interests.

6.2.6. Innovation and effectiveness

BenQ is quite unique, as the workforce concerned was highly qualified on average. The emphasis on different support measures took account of this fact. It is also reflected in the extremely high re-employment rate reported by Train.

Another distinctive issue was the degree to which Siemens got involved in the transfer company, although technically it was not responsible for the former daughter company. The high media attention the BenQ insolvency received may have influenced this, but it is clear that Siemens recognised a robust social responsibility towards its former employees. In terms of distinctive innovations with transferable potential, the peer group activities were effective, through the motivating character and the fostering of personal networks. The high rate of participants creating their own business testifies to the relevance of business start-up training.

The experience of this restructuring process emphasises that intimate knowledge of the local and regional labour market is crucial for a transfer company's success; precise analysis of supply and demand in the specific sector and use of network connections to potentially employing companies are particular benefits. Therefore, companies should choose a transfer services provider from the region where the affected establishment is located. A notion, common to all interviewees, that was especially emphasised here is the importance of the transfer services provider being familiar with the local labour market, an aspect that is apparently often neglected during the preparation of a transfer company. The success also shows that it can be valuable to use a transfer services provider which has strong ties not only to educational institutions but also to employers' associations.

6.3. **EnergMont, Slovakia (CASE STUDY 3)**

6.3.1. Background and context

EnergMont is a medium-sized company, founded in 1993, producing energy and industrial construction products and services. It is located in Trnava, western Slovakia, with annual revenues of EUR 12 million. It operates principally in the domestic market with limited operations abroad, in the construction and engineering sector, with key customers from the energy and automotive sectors.

In 2008, the company underwent a downsizing process, closing one of its production plants and laying off 35 employees. The downsizing was implemented from February 2008 to April 2008, before the economic recession. Growing competition in its market segment forced the company to concentrate its production to achieve higher competitiveness through economies of scale.

EnergMont (EM) grew significantly since 2003 due to long-term contracts with its key customers. Economic growth in Slovakia fostered growth of the energy and construction industry but also saw competition in the market rise

significantly. From 2003, the number of employees in EnergoMont doubled, and favourable development of the Slovak economy and improvements in the business environment supported growth of most industrial producers. In 2007, the company failed to retain the contract with one of its larger customers, and management of the company decided that the loss of revenue could not be recovered, at least in the short term. The only viable solution was to resize the productive capacity of the company, with a projected loss from capacity closure of 35 employees. There were 53 employees working in the production plant that was planned to be closed. Most of the workforce holds intermediate vocational qualifications, but 14% holds university-level qualifications. All redundant employees from the closed production plant were regular employees with permanent full-time contracts.

The company does not possess a separate HR department but does have embedded HR resources. There is no special redundancy policy agreed within workforce management arrangements. Redundancy procedure follows the legal and administrative requirements set by the labour code. However, in the mass layoff of 2008, the company decided to provide redundant employees with additional assistance through a specially developed outplacement programme, introduced as an exceptional arrangement for those concerned.

6.3.2. Restructuring and job losses

In December 2007, the company reported planned mass lay-offs to the local labour office in accordance with administrative requirements set by the labour code. The company subsequently announced its redundancy plan, including the outplacement plan, to employees in January 2008. The downsizing process was intensive and overall took three months from February 2008 to April 2008.

There were no designated safe or secured occupations in the company downsizing arrangements. Job preservation emphasised employees with higher-level qualifications and those with very good working performance who were relocated to the main EnergoMont production plant in Slovakia. The impact of EM downsizing on other companies is not measurable since the company does not have any significant supply chain relationships with other designated employers.

6.3.3. Restructuring practices and processes

In Slovakia, this internal outplacement programme was one of the early and rare examples of career support provided by a private company to redundant employees. The programme was consequently seen as an innovation in relations between companies and employees and the labour office was central to its funding and delivery. Employees who underwent the outplacement admitted that

they had never received this kind of 'special' care, going beyond administrative requirements set by the labour code.

There were no adjustments in the outplacement offer for vulnerable or high-risk employees. Also, no support was delivered to non-employees, from the supply chain or family members. Outplacement activities provided in collaboration with PES were offered to all employees made redundant. Although services were not differentiated, each employee was entitled to select the appropriate portfolio of outplacement services that satisfied his/her needs. Nevertheless, the vast majority of redundant employees were interested in an initial assessment of their career and employment prospects.

All activities of the outplacement programme, excluding the consultations with legal advisors, were provided directly by specialists in the local labour office. Activities included face-to-face individual discussions and half-day group workshops focusing on job search, and business start-up or self-employment. The outplacement programme also provided for one-to-one consultations between redundant employees and the company lawyer. This was the only specialist service financed by the company. The programme was financed from the budget of the National Labour Office, without any EU funding support.

6.3.4. Cooperation and external capacity

The initial offer for the outplacement programme came direct from the labour office in Trnava after the mass lay-off was reported by the EM. Management was also encouraged by the fact that the outplacement programme would be financed within the frame of PES.

Success of the outplacement programme was determined by three main conditions:

- (a) willingness of management to participate in the programme and to provide for coordination resources in-house;
- (b) experience of labour office specialists in providing one-to-one career guidance;
- (c) the active interest of employees', who received intensive help before being dismissed, especially in the initial assessment phase.

All three conditions were successfully fulfilled and enabled smooth implementation of the outplacement programme.

6.3.5. Impact and effects

The impacts of the outplacement were measured both by quantitative and qualitative assessment. The programme was not aimed at extending vocational skills nor improved job protection, and these issues were not measured.

In terms of success of the outplacement programme, 34 out of 35 redundant workers reintegrated to the labour market. However, at the beginning of 2008, the Slovak economy was in a phase of economic growth and the employment was rising, so it is difficult to distinguish the effect of economic growth from the contributions of the outplacement programme on reintegrating redundant workers. Further, it is difficult to evaluate the most effective components of the outplacement programme. It could be only inferred, from the internal survey and from discussions with affected employees, that the most fruitful components were face-to-face discussions with Labour office specialists, including individual career assessment, and techniques to search for vacancies. No wider impact of the EM outplacement programme on collaborators, community, or local labour market was measurable. However, there was some positive impact on the morale of the workforce in the company, as the outplacement programme was perceived as a fair treatment of employees.

6.3.6. Innovation and effectiveness

The outplacement programme supported the morale of the workforce and strengthened trust in the company. The whole outplacement programme was perceived as an innovation both by the company and the labour office, where there was previously little take-up by restructuring firms of services such as these.

Integration with PES and flexible delivery of services were the two most important success factors of the whole outplacement programme. The main message of this case study was the need to foster active cooperation between companies and local labour offices in designing appropriate forms of support, in particular career guidance in the early phases of company restructuring. In Slovakia, companies rarely provide careers guidance to their employees; labour offices and companies operate separately when it comes to providing support to employees threatened by dismissal. The main barrier in providing extra assistance to employees is that assistance might be too expensive. In this case study, through the cooperation with the labour office, the company did not incur extra restructuring costs and the impact on career opportunities for redundant workers was markedly positive.

6.4. GKN Driveline Birmingham Ltd, United Kingdom (CASE STUDY 4)

6.4.1. Background and context

GKN Driveline is a UK public limited company with a history dating back to 1759. Today it is the world's leading manufacturer of automotive driveline components and works in partnership with leading motor vehicle manufacturers to develop drive shaft and geared component technologies. The company has a worldwide workforce of around 21 000 based in 30 countries including many EU Member States.

For at least the past five years the company has been restructuring through the effects of globalisation and the emergence of competition from lower cost manufacturing countries. However, the recent downturn in the sales of motor vehicles worldwide has affected the business and led to further change and consolidation.

This particular case study is focused on the company's activities in the West Midlands region of England and, in particular, the sub-regional area centred on the city of Birmingham. This has a long tradition of engineering and manufacturing, including a large presence of the motor vehicle industry and all the relevant supplier firms. GKN it has operated for many years with three separate plants, each focusing on a specific activity: Erdington in the production of drive shafts; Walsall in the production of prop shafts; and Hamstead for the forge. The combined workforce five years ago at these three plants was around 3 500; after the current restructuring exercise, it is now down to 700 employees.

The decision was taken to close completely the forge operation at Hamstead, where the plant needed considerable investment to upgrade the installations that could not be justified, and focus production in Germany, Spain and Poland, which have more modern facilities. Also, the Walsall plant is scheduled to close in June 2010 with production switched to the Erdington plant, which will remain the focus of the company's production operations in the Birmingham area.

The profile of the workforce is about 60% direct staff, working on the production side and the remaining 40% in support operations from engineering, R&D, through to the usual marketing and administrative functions. The production staff contains a mix of skilled and semi-skilled, the latter generally recruited without the need for formal qualifications since job-related training would be given. However, the emphasis over the past five years has been on workforce reduction rather than expansion and many of those remaining in the workforce have long service, with over one-third having been with the company in excess of 30 years.

Trade union involvement in the sector and in this company has a long history and currently most staff are unionised. However, agreements reached between the unions and the company apply to all employees, irrespective of their union membership status. The company feels it has a useful and collaborative working relationship with the trade unions. However, the main collaborative framework, the employees' forum, includes not only trade union representatives but also a representative from non-unionised staff members and management.

6.4.2. Restructuring and job losses

The current wave of restructuring for the company in this area has been triggered by the sharp downturn in motor vehicle demand. The global nature of the slump means that all areas of the business have been affected, though UK manufacturers have been hit particularly hard. However, it also represents one stage of a continuing process of restructuring, with this one having particular significance in that it will see two plants closed completely and all manufacturing operations focused on one plant.

Adjustment of the workforce has been a way of life for the company for some time now and it has a well-established procedure and policy in place. The recent job losses have been in stages and have involved fewer than 100 employees on each occasion. The relevant legislation requires at least one month's notice to be given and the time used for consultation with trade unions, other representative groups and individual members of staff.

The firm has a policy of calling for volunteers first, though it will effectively exclude some staff from this call if they are considered key to the company's operations. In these recent cases of redundancy the calls have been met with a fairly muted response that allowed just 18% of the total jobs required to be lost to be released through voluntary severance terms. This was largely attributed to the fact that previous redundancy activities had effectively exhausted the numbers who would consider voluntary severance, plus the effect of the current poor labour market prospects acting as a deterrent. The company can no longer offer an early retirement option due to the pressures exerted by the increasing cost of maintaining the company's generous pension scheme, a problem that is affecting many UK companies at present.

The terms of the redundancy package on offer are the same for those taking the voluntary option as those being made compulsorily redundant. The statutory entitlement is boosted by 50% in each case, all based on length of service. However, the lack of any differential between the two severance packages may be a factor in the relatively low response to the call for volunteers in the latest rounds of job cuts.

During these phases of restructuring the company has not engaged in any follow-up activity with supplier organisations that might be affected by the changes in the company, though external agencies will be providing support where needed to these employers in the region.

6.4.3. Restructuring practices and processes

The disappointing, though not unexpected, call for volunteers for redundancy meant that a programme of compulsory redundancies had to be implemented and this invoked the company's selection scoring procedure. This involves an individual appraisal according to an established set of criteria: skills held and demonstrated over the past four years; training and development received; potential for adaptation to the company's needs; and HR aspects, such as, capability, absence record and length of service. Should the individual be dissatisfied, there is a post-dismissal appeals procedure involving the HRM and Plant Director. The system is tried and tested and is seen by all sides as transparent, aiming to balance the company's needs with those of the individual employee. It is also a time-consuming activity focused on individual assessment and discussion.

Once the redundancies were finalised and individuals informed, the next stage was to implement the company's support for those who would be leaving. There were three strands to this: outplacement consultants, Jobcentre Plus, and regional ESF support. These external sources were in addition to the normal HR services provided by the company.

6.4.4. Cooperation and external capacity

The company engaged and paid for the services of a specialist external agency for outplacement – Career Management Consultants Ltd (CMC) – to deliver individual information, advice and guidance on site. CMC is an independent provider of career management services and specialises in firms going through restructuring.

CMC offered an information, advice and guidance (IAG) package to all employees being made redundant; even though take-up was voluntary, only around 10% chose not to use the service. A resource centre was established on site with activities concentrated in the final two weeks prior to termination. It provided individual counselling sessions and group work on job search methods (important for those long-service employees who had been out of the jobs market for some time). For those considering self-employment it offered guidance on where to go for further support. A firm objective of all this activity was to ensure

that, at the very least, each employee would leave the company with a worked up CV and an updated view on where the jobs might come from.

At the same time Jobcentre Plus (the public employment service) was invited to the site to offer their services, though the size of the job losses did not trigger the Rapid Response Service ⁽⁴²⁾. Their presence was more one of outlining what JCP could offer once the employees had left the workplace and to provide information on which benefits they might be entitled to should they be unable to secure alternative employment immediately. Regional support came in the form of funding for training and retraining activity for individuals that emerged from the IAG sessions. The problem is that mainstream funding cannot cater for all the options, especially where there is no recognised qualification outcome from the training, and so the availability of ESF funding offers a more flexible resource. The regional agency, the Better West Midlands Project, was invited on site to give a presentation on the opportunities to all those affected by the job losses and sessions were well attended.

The outplacement company maintains a continuing relationship with the individuals it counsels and when they leave the employer they have a contact point and support available, if needed.

6.4.5. Impact and effects

The outplacement company tries to closely monitor the progress of affected workers, though this can become difficult once the employee leaves the site and chooses not to stay in touch. In terms of this round of redundancies at GKN, only eight of those losing their jobs chose not to take advantage of the IAG offered. The following breakdown of post-employment activities applies to those who chose to have the support and who they know about:

- found other jobs (34%);
- long-term training (12%);
- retired (12%);
- redeployed within the company (10%);
- no information available (32%).

The process of identifying staff for redundancy is transparent and the support offered is individually centred, with specialist external services delivered on site before employees leave. In recent cases this support has been augmented with

⁽⁴²⁾ The Rapid Response Service helps workers during a major redundancy by enhancing Jobcentre Plus (the public employment service) services through early intervention with the aim of helping as many workers as possible find new jobs to start immediately when their existing jobs end, with the support of a range of services that are not normally available to jobseekers. One of the criteria for involvement is that there must be a partnership approach to the proposed package of support involving (as appropriate to each situation) trade unions, regional development agencies, local authorities, training agencies, etc.

the availability of additional services through regional support mechanisms. These allow employees to access training and retraining courses as soon as they leave, all funded through the ESF with appropriate matched elements.

The redundancies are quite recent and so it is difficult to judge the effects of the approach taken by this company. Anecdotal evidence suggests a sense of realism among the leavers in terms of their future labour market prospects, with some changing direction completely and seeking (and in some cases finding) jobs in the care and retail sectors which are likely to offer more sustainable employment than in traditional forms of engineering.

However, an effective and transparent system for dealing with the jobs fallout from restructuring will serve to bolster relations with those employees left in the organisation.

6.4.6. Innovation and effectiveness

The most important lessons from the approach in this company relate to the timing of support provision and the collaborative nature of it.

In terms of timing, the period for consultation for mass redundancies of fewer than 100 is only one month and so it is necessary to move quickly to ensure that as much support as possible is given to the employees before they leave the site. With this company, its previous experience with restructuring meant that it had the procedures in place that could be evoked quickly. However, timing was also important in the collaborative aspect of the provision of services. It is not always easy to get agencies on site quickly but this company was successful in marshalling the resources of three agencies, all offering essentially complementary activities.

The effectiveness of the support package can also be judged by how flexible and responsive it is; in this case such aspects were evident in the range of options available, including self-employment advice. However, there was also a sense of realism, as evidenced in the range of jobs sought and the training opportunities taken up.

6.5. Schering-Plough (Bray), Ireland (CASE STUDY 5)

6.5.1. Background and context

The Schering-Plough plant is located in Bray, a traditional seaside town, and is part of Merck Pharmaceuticals Multinational. It manufactures a range of pharmaceutical and healthcare products for animal health. The merger of Merck and Schering-Plough has resulted in total employment of over 100 000 people

worldwide with around 1 400 of these in the legacy Schering-Plough (Ireland) organisation. Sites are currently based in Rathdrum, Co. Wicklow and Brinny, Co Cork, in addition to the Bray plant.

At Bray the company currently employs around 240 people on site and this number has been stable for some time. Around 100 employees are directly involved with the production side and are generally experienced operatives, some with specialist skills for this sector, but not necessarily with any formal qualifications reflecting this work. Other staff are employed in support functions such as quality, finance, engineering, supply chain, etc. and would have qualifications and experience to match the needs of their particular jobs.

The plant is an important source of employment in the area and while the production staff tends to have fairly local travel-to-work patterns, many other employees travel from a much greater catchment area. Trade union membership is high among the production and engineering staff, together accounting for approximately 90 employees.

6.5.2. Restructuring and job losses

The latest acquisition of the company by Merck Pharmaceuticals follows the takeover in 2007 by a Dutch conglomerate (Organon Bio Sciences and Intervet) and it was the decision of this company that precipitated the current restructuring exercise. Following a review of the multinational's production facilities worldwide, the decision was taken to rationalise the number of plants. The Bray operation (the only animal health manufacturing site of the three in Ireland) was earmarked for closure. The need to bring about cost reductions was the principal motivation behind this decision and the Bray plant was felt to need substantial investment to upgrade its plant and machinery, more so than other plants in the group. As a result, production will be phased out and switched to the company's other operations in Europe – including Germany, Spain and France – indicating that this is not about reducing labour costs and was not a direct response to the current economic recession.

The announcement of the closure was made in March 2009 and the current timetable for the rundown of the plant sees ultimate closure by the middle of 2011.

6.5.3. Restructuring practice and processes

The company has responded to the announcement of the planned closure with a series of activities to inform staff and outline the timetable and types of help that will be available. It has engaged the services of a private sector outplacement

company (Right Management ⁽⁴³⁾) that the group has used on a previous occasion, but at a different site in Ireland, which would take the lead in organising a series of progressive support measures that would reach a peak during the final three months of work for the employees concerned. The outplacement company began its work by advising the management of the company on how to handle the overall situation and on the levels of support that could be delivered and when. This particular plant had no previous history of significant restructuring and so it was important to draw on the wider experience that the outplacement provider could bring.

The Union learning representative from the main trade union for the production workers (SIPTU) took an early initiative once the company's plans were confirmed and brought in advice from the union's specialist, Ideas Institute ⁽⁴⁴⁾, an independent not-for-profit agency providing commercial training and development. It offers the following services to employees and their organisations:

- (a) certified training and development programmes;
- (b) change facilitation and support;
- (c) development interventions to assist changes in work organisation;
- (d) individual personal development training programmes;
- (e) project management services for change projects;
- (f) research into the advancement of employee education and training;
- (g) other specialist services including media skills and communications training.

These services are available to organisations and staff in the private and voluntary sectors.

In the case of this restructuring, the Ideas Institute regional training coordinator initiated the training of a shop floor representative as a Union learning representative (ULR) in May 2009. This representative would be in a position to discuss the training options with the company and seek to maximise the help that could be given by also harnessing support from the main national agency for training and employment, the FÁS. The ULR is a relatively new development that allows trade unions to take a more direct role in promoting learning in the workplace. Essentially the ULR is trained to give advice and guidance to union members on learning needs and opportunities. They have been particularly effective in raising levels of interest in training and development particularly among lower skilled workers and those with basic skills needs. The

⁽⁴³⁾ Right Management is an international company – part of the Manpower Group – established in 1980, operating in over 50 countries worldwide.

⁽⁴⁴⁾ For more information on the Ideas Institute go to: www.ideasinstitute.ie.

ULRs cooperate with their colleagues, the employer and learning providers, often helping identify access to funding as well as sourcing suitable courses.

The ULR conducted a training needs survey of union members on the site over the period June-July 2009 and the results were analysed by the SIPTU regional training coordinator and fed back to the local union. It demonstrated the level of interest in training among the workforce, provided valuable indicators of demand and laid the foundations for negotiations between the trade union and the company that has led to the provision of 10 accredited courses provided by the Ideas Institute with funding from the FÁS. This was part of a training assessment and planning exercise for all employees, resulting in over 45 courses and 1 800 training days being planned.

To involve all groups of workers in the information process surrounding the closure, the company established a special 'transition forum' that of representatives chosen by colleagues. The regular meeting gives the company the opportunity to update the situation and take questions from the forum members. The consultations and negotiations continue but, to date, have established a basis for training and retraining support for all employees. This consists of a maximum of 10 days training: a maximum of 7.5 days will be covered by the company in terms of salary costs and, where needed, the remaining 2.5 days will be taken as holiday entitlement or unpaid time off by the employee. This gives the opportunity for short-term training in transferable skills that should have some use in the wider labour market.

Conscious of the need to equip employees with as much recognition of their experience as possible, the company plans a 'certificate of training' for each employee that confirms all the training completed during their employment period. The company would like to issue a nationally recognised qualification recognising the acquired skills and experience of the staff but this is not possible under the present national training and qualifications structure, which does not provide for the recognition of prior learning in this way.

The company has negotiated a severance package, applicable to all employees, that considerably enhances the statutory redundancy requirements, though this will only be available at the time designated by the company for the particular jobs finishing. For example, if an employee finds another job before starting the official period of notice (two to three months) and decides to leave, this will be interpreted as a voluntary quit and any entitlement to a redundancy package will be forfeited. In this way the company can plan to maintain production until the final stage of the closure, though the need to give support to staff as soon as possible is recognised and measures have been taken in this sense.

In cooperation with the outsourcing provider, the company has set up a 'next move centre' facility comprising a dedicated room with internet access for use as a drop-in facility for employees during breaks, as well as before or after work. In the meantime, employees can access personal guidance via the website or by telephone. In addition, the Trade Union Centre for the Unemployed has offered their training rooms so that workers can receive information regarding social welfare entitlements and related matters.

To help employees further in finding alternative work, the company will use its internal and external contacts with other employers to seek out vacancies. Internally, any vacancies in other plants, in Ireland and abroad, are brought to the attention of the employees. Externally, the intention is to hold jobs fairs at the plant where other employers with vacancies can come in and, it is hoped, fill some of their own job vacancies. However, the current economic recession has hit Ireland particularly hard and the level of vacancies is very low at present.

6.5.4. Cooperation and external capacity

The main public sector body concerned with employment and training services is the FÁS. Although it does not offer any specialist rapid response service in the case of large scale redundancies, it can offer access to its services in the shape of job search support and vacancy information and some funding for short-term training. However, given the long lead-time of this particular plant closure, the full effect of these services will not be felt until the final weeks of the rundown when staff will finally face the reality of the plant closing.

There is no separate nationally available careers agency in Ireland and what careers advice is available in the public sector is delivered by the FÁS through its job placement activities. Further, resources in general are being tightened in the public sector as a direct result of the economic recession and severe financial crisis in Ireland. Expectations of what support might be available are relatively low.

6.5.5. Impacts and effects

It is too early to say what effect the limited support given to date has had, though it is likely to have already started shaping the views and aspirations of the employees. Individual training needs analyses were carried out by a group of employee training representatives, supported by the main trade union and the outplacement company. This indicated a wide range of suggestions for further training (such as in retail, distribution, care sector, etc.) which could be interpreted as indicating a certain realism among the workforce about where the future jobs might be. However, the likelihood is that these views will change over

the next 12 months, as more information filters through on the realities of the job market. The information, advice and guidance given to the staff on these trends will be that much more important.

6.5.6. Innovation and effectiveness

The long lead-time in the closure of this plant and the early engagement of the outplacement company, plus the involvement of the main trade union, provides a good opportunity for employees to come to terms with the situation and plan their exit strategy. The danger is that the long period of notice may persuade some employees to postpone their activities until the final few weeks of work, partly encouraged by the current poor prospects of alternative employment. Therefore, it will be important for all those involved, particularly the company, outplacement provider and trade unions, to ensure that staff consider their options sooner rather than later. Here the availability of the dedicated 'next move centre' room for use by employees soon after the closure announcement was made should help encourage early activity.

The company has responded to the need for full consultation by setting up the 'transition forum' drawing on staff representatives from the main work categories. The focus of the forum will also become sharper as the closure date approaches but, in the meantime, its effectiveness will be dependent on how much of a two-way flow of information and actions there is.

Recognition of the crucial role that training will play in allowing employees to seek alternative employment has been reinforced by the initiative of the main trade union (SIPTU) in drawing on its national resources and developing training options, including the training allowance. While this will allow only short-term training, combined with the company's intention to provide a certificate of all training done by the employee, it is likely to help employees significantly with their job search activities.

6.6. Karmann, Germany (CASE STUDY 6)

6.6.1. Background and context

Karmann is a car-part supplier and car manufacturer, specialising mainly in car roofs and bodies, as well as the manufacturing of smaller product lines for large automotive companies. It was founded in 1901 and has been an important player in its sector since the 1950s. Today, Karmann has several establishments in north-western Germany and is present in Portugal as well as in several non-EU

countries worldwide. This case study analyses the establishments at Osnabrück (the headquarters) and Rheine.

Before the beginning of major restructuring activities in 2006, the establishments had about

6 000 employees; at the beginning of 2009 (before the set-up of the current transfer company) there were about 3 770 workers. The average age of the workforce is high at 47 years and the dominating occupations are automotive-related manufacturing jobs. Unskilled employees make up one third of the workforce.

Beginning in 2006, Karmann faced increasing difficulties in acquiring new contracts in its car manufacturing operations. This was due largely to two tendencies among automotive companies. First, higher production flexibility through advances in manufacturing technology made it possible to reintegrate the manufacturing of smaller product lines, and second, car manufacturing was increasingly transferred to low-wage countries. Several European competitors had felt the impact of these developments earlier than Karmann, with many of them vanishing from the market.

Karmann eventually decided to abandon its car manufacturing operations and concentrate on supplying car roofs and bodies. Large parts of the workforce were made redundant in several waves during the following years, with each social plan involving a transfer company as the principal instrument of restructuring. Specified terms have deteriorated steadily from one social plan to the next, reflecting the worsening overall situation of the company.

Car manufacturing was finally shut down in June 2009, the demand for car parts having decreased drastically because of the current financial crisis. This aggravated Karmann's financial situation to the extent that the company declared insolvency in April 2009. The current transfer company had been set up already at the beginning of 2009 and is the fourth one to date.

6.6.2. Restructuring and job losses

A total of 2 270 employees are currently being made redundant (1 477 in Osnabrück and 793 in Rheine). Of these, 1 738 have entered the transfer company. The predominant motivation for not joining is the low surplus Karmann pays additional to the structural short-time work benefits provided by PES, thereby reducing the attractiveness of the transfer company compared to unemployment. Further, immigrant workers who had planned to return to their home country after retirement often decide to do so a few years earlier when laid off.

All occupations in manufacturing and related administration are affected roughly equally by the redundancies. Positions in development and engineering services can be considered safe, as well as tool and chassis manufacturing, albeit to a lesser extent. This is due to the strategic reorientation of Karmann towards development and production of specific car parts. Since it is mandatory to base the decision on whom to lay off also on the individual social situation, protection of vulnerable groups is ensured to some degree. There is no comprehensive insight on how upstream companies are affected by the restructuring; it is known from some closely-related suppliers that they are not planning redundancies.

Preparation time in the current restructuring round was very short because of the rapidly deteriorating company situation and the looming insolvency. On earlier occasions, there had been a period of around six months between the decision on restructuring and the conclusion of the social plan. The operations of the transfer company, however, usually started before this date. The transfer service provider Silberstreif has run all transfer companies. While the set-up of the first one had taken about six weeks, preparation time now has been significantly shorter thanks to the acquired familiarity with Karmann's specific situation.

6.6.3. Restructuring practice and processes

There has been no properly internal support in terms of guidance and counselling measures for employees threatened by lay-off. Support was given only in the context of the transfer company and has always been carried out by the external provider Silberstreif.

6.6.4. Cooperation and external capacity

The transfer services provider Silberstreif was contracted for the whole set-up the transfer companies. It offers the following specific services:

- (a) individual counselling consists of detailed weekly discussions with a personal adviser are mandatory. Great emphasis is placed on this measure, which is seen as the basis from which all other support activities are planned and developed;
- (b) job application training includes rehearsal of specific situations, advice and support on formal application matters, networking training;
- (c) advice, counselling and training on business start-up is also provided;
- (d) at job fairs, organised visits to other companies' sites; possible employers are invited to present themselves to transfer company members;

- (e) aptitude tests are important especially for formally unskilled workers to determine actual skills;
- (f) assistance is provided with systematic use of Internet job search resources;
- (g) internships allow getting to know prospective employers and identifying needs for further qualification measures;
- (h) qualification measures are sometimes also necessary to certify or solidify existing skills.

All members of the transfer company have equal access to these services. Specific suggestions to individual employees are based on their actual need, identified mainly in individual counselling and aptitude tests. A special concern for high-risk employees is somehow inherent in the set-up, since vulnerable groups make up a large part of Karmann's workforce and Silberstreif focuses on individual counselling.

The integration of family members into the counselling process is quite common, especially if there are plans to start an own business or move to another country for work. Attention is also given to assisting with personal problems which prevent workers from concentrating on finding a new job: indebtedness, addiction, and intra-family conflicts. Clients are advised how to get professional assistance on these matters, and encouraged to do so.

Cooperation with employment agencies is very close, not least because this is essential to securing joint funding by the BA-ESF programme, which is vital for maintaining the level and quality of services offered. The other reason is the desire to benefit mutually and avoid the potential conflict of, for example, inconsistent advice. The use of Silberstreif's regional labour market analyses by employment agencies for planning purposes shows this cooperation in action.

The effectiveness and competence of PES advisers, however, was criticised by interviewees. PES counselling appears to be most often too superficial, though it is acknowledged that this is a consequence of the large number of clients each adviser has to take care of and of the PES advisers' non-familiarity with specific sectors. Also mentioned was the slow reaction of employment agencies to changes in labour market demand, in terms of adjusting their planned qualification programme.

Qualification measures and some business start-up advice and training are carried out by external educational institutions contracted by Silberstreif. Private and public institutions are employed as often are the educational resources of Chambers of Trade. Selection criteria are the quality-price ratio and the ability to deliver requested services promptly. One obstacle mentioned in the context of cooperation with further external service providers is the constraint on provider selection when measures are jointly funded by PES. Providers contracted are

required to possess certain quality credentials, which to date do not accurately reflect their capacity to provide the requested service.

The Karmann transfer company is supported by the ESF; granting of EGF support is pending. In Rheine the adviser employment is jointly funded by the ESF via the state of North Rhine-Westphalia. What is described as a highly bureaucratic ESF application process diverts efforts away from the actual counselling activities. Nevertheless, Karmann viewed EU support as very helpful. BA-ESF funds are essential to the high level and wide scope of the services offered, raising the budget by up to 400% per employee. The intention is to continue and extend the harnessing of EU support.

6.6.5. Impact and effects

The average re-employment rate for the three earlier Karmann transfer companies has been 82.5%, while the rate of the last transfer company, running throughout 2008, was 60%; this lower value – still comparatively high for a transfer company – cannot be explained only by the onset of the financial crisis, since labour markets remained fairly stable far into 2009. The current transfer company so far has reached re-employment rates of 50% for skilled workers and employees in leading positions, and of 30% for unskilled workers ⁽⁴⁵⁾.

Silberstreif's large contact network of possible employers is cited as a reason why most transfer company leavers are employed directly and not via temporary work agencies (less than 10%). Even so, most are employed on fixed term contracts (more than 80%).

The focus on individual counselling is seen as crucial for successful re-employment. Intensive, structured counselling sessions lead, among other benefits, to appropriate qualification measures, greatly boosting efficiency by preventing or drastically reducing misallocation of educational – and therefore financial and time – resources. Interviewees also stressed the adjustment of personal advisers to the specific social milieu of their clients; for example, in terms of clothing and manner of speaking. This leads clients to view their advisers more as partners than as 'educators' and raises acceptance of the new situation.

According to interviewees, the company management continues to view transfer companies primarily as an instrument to get employees off the payroll. This leads to general disinterest in the quality of services offered by the transfer services provider. Nevertheless, considerations of social responsibility are sometimes shown as an, albeit secondary, motive. While the management's estimate of the overall benefits of the instrument has grown over the last years, it

⁽⁴⁵⁾ Since this transfer company was running at the time, these are preliminary figures.

is still seen as a situation tool to fix short-term problems. Human resource policy is not yet understood as a critical component of company strategy.

Transfer companies also offer substantial customer potential for educational and qualification institutions. Transfer service providers, therefore, influence tendencies and contribute concepts and ideas to the overall vocational training market.

6.6.6. Innovation and effectiveness

Whereas other transfer service providers extensively use workshops and other group activities, Silberstreif sees individual consultation as the only way to assess accurately clients' characteristics, skills and needs, and thus fit supporting measures to the individual. Also notable is the strict division of tasks in the transfer company. Personal advisers are only involved in counselling and do not carry out training or qualification. A high level of specialisation and familiarity with the individual case is thus ensured.

Silberstreif carries out its own research on regional labour markets and structures its activities in regional 'job clusters'. These are attempts to identify precisely the scope and level of local labour market demand. The insights gained here are then used to inform the respective guidance and counselling measures.

One obstacle to optimising impact is that the transfer service provider is not involved in drawing up the social plan. This means the provider has no say in the selection of services offered or in defining the monetary benefits transfer company members receive. High additional payments above structural short-time work benefits often create poor incentives for leaving the transfer company, since prospective employers often offer lower wages than the former employer.

The selection of service providers is a general point of criticism: often, cheap providers are preferred without assessing the actual quality of the transfer services offered. Further, problematic points are the highly bureaucratic and time-consuming processes when applying for public funding and the unwillingness of companies to devise long-term strategies for human resources development, generally leading to a purely reactive, situation-driven policy.

The main messages for other organisations facing restructuring are essentially about potential pitfalls and constraints: client companies, in choosing transfer service providers, should put providers' concepts under scrutiny instead of just securing low costs. Clients should explicitly demand transparency from providers and quality should be regularly checked and insisted on after the set-up of the transfer company. As a success factor, the focus on individual counselling and the advisers' adaptation to their clients' social milieu seems to be worth

emphasising, since this characteristic distinguishes the support measures offered from those of many other transfer service providers.

6.7. Swedbank AS, Latvia (CASE STUDY 7)

6.7.1. Background and context

Swedbank AS (AS Hansabanka until 2008) is the largest bank in Latvia with almost five billion LVL in assets, comprising 23% of the whole banking industry in Latvia ⁽⁴⁶⁾. It serves more than one million customers (individuals and businesses) ⁽⁴⁷⁾. Swedbank AS is owned almost exclusively by Swedbank group, with home markets in Estonia, Latvia, Lithuania and Sweden.

In line with Latvia's economy, Swedbank grew rapidly until the middle of 2008. The net profits grew to LVL 63.9 million in 2006 and to LVL 100.3 million in 2007. Despite the slow-down in the second half of 2008, Swedbank reported a LVL 59.1 million net profit in 2008. In the first nine months of 2009, Swedbank reported a net loss of LVL 282.5 million, attributable mostly to the increase in provision for bad debts of LVL 421 million (compared to LVL 25 million in 2008).

The number of employees in Swedbank almost doubled from an average of 1 494 in 2004 to 2 830 in 2008. However, since the slow-down in economy and business, the bank has reduced its workforce by about 550 people since the end of 2008. It has also closed 13% of its branches since the beginning of 2009 ⁽⁴⁸⁾. Although recruiting in the bank concentrates mostly on people with a background in economics, mathematics, and sciences, during the economic growth period when labour was sparse, the bank also hired people from other backgrounds, such as teaching, offering them initial training to be able to operate in the bank.

Although, in most cases, Swedbank's own resources are sufficient for its HRM tasks, it uses some external help. The training centre involves external experts when their own specialists lack competences required by the business. Employees leaving the company are offered counselling in an external crisis centre, supplemented by outplacement services for longer-established managers, which are also externally supplied. Almost all redundancies in Swedbank are by mutual agreement, with employees keeping several benefits,

⁽⁴⁶⁾ Latvijas Komerčbanku asociācija. Banku darbības rādītāji 2009.gada 3.ceturksnī. 30 Sept. 2009. Web. 27 November 2009.

<http://www.bankasoc.lv/lka/statistika/bankas/article.php?id=3083> [cited 17.5.2010].

⁽⁴⁷⁾ Swedbank. Swedbank AS 2009.gada 3.ceturkšņa rezultāti. 20 October 2009. Web. 27 November 2009. <http://www.swedbank.lv/news/201009.php>. [cited 6.5.2010].

⁽⁴⁸⁾ Swedbank. Finanšu rezultāti. Web. 27 November 2009. http://www.swedbank.lv/docs/finanses_gads.php. [cited 6.5.2010].

such as the health insurance, special loan interest rate, higher employment termination compensation, and others. Swedbank also offers some training on job searching.

6.7.2. Restructuring and job losses

Swedbank offers a more attractive compensation package for voluntary redundancies; all but a few of the redundancies have been voluntary. Swedbank is planning to outsource their telephone bank service to Lattelecom, a telecommunications company, and most of the employees of this department will continue working for Lattelecom on similar terms as in the bank.

Many redundancies are due to closing of local branches and do not affect a very specific set of functions. When some functions, such as issuing loans, are no longer needed in the bank, most employees performing these roles have been retrained to perform some other function, such as restructuring issued loans. Most redundancies are directly caused by the reduction in the volume of business and workload. Unless an employee is a low-performer, the bank follows two simple steps to decide whether she/he should be let go. Is the position of the employee still necessary to do business? Is a suitable position for this employee available elsewhere in the bank?

The employees of Swedbank have not organised into a trade union, and almost all redundancies have been mutually agreed upon; therefore, the time between selection, notification and the end of employment was very short, in many cases just a few days. With the State employment agency's approval, the number of terminations was reported post-factum at the end of the month. There are no specific secured positions, except the general 'needed for business', but neither are there any specific groups that are considered at risk. Swedbank does not plan any further downsizing, assuming that there are no unexpected problems in the economy.

6.7.3. Restructuring practice and processes

Over the years, Swedbank has developed an image of a very attractive employer for high-skilled workers. Several years in a row, Swedbank has been ranked in the top five of 'the most attractive employer' in Latvia, even after the downsizing⁽⁴⁹⁾. As a result, Swedbank employees are highly valued in the labour market, and used to have few troubles finding other employment. The HRM Director of Swedbank estimates that up to 90% of employees made redundant at the end of

⁽⁴⁹⁾ LETA. *Iekārotākais darba devējs – LMT; darbinieki meklē stabilitāti*. 25 November 2009. Web. 27 November 2009. <http://www.diena.lv/lat/business/hotnews/iekarotakais-darba-devejs-lmt>. [cited 7.5.2010].

2008 have reintegrated to employment. Currently the situation is less positive: in about 50% of redundancies in 2009, the former employees have already reintegrated to employment. In September 2009 unemployment in Latvia was the highest in the EU at 19.7% ⁽⁵⁰⁾. With or without training, finding work was expected to be very difficult.

Swedbank recognises that the way downsizing is managed and communicated may affect the confidence and employability of those made redundant, as well as the enterprise's working environment and, in effect, the need for further downsizing. Therefore, it paid most attention to developing an appropriate plan, which includes the training of managers on how to deliver the announcements. First, managers were trained to do both employment termination talks and discussions with the key employees that the bank wanted to spare from the uncertainty downsizing brings.

As an alternative practical focus, Swedbank also organised groups of the redundant employees to help each other find new employment. According to the HRM Director, people were not very willing to take part in them, most probably due to the psychological pressure of meeting a group of other unemployed ex-colleagues. These groups were most popular among IT employees, who met in an all-Baltic meeting, for whom finding another job was more probable than for other employees.

Most benefits offered to employees leaving on mutual agreement are indirectly financial, but this stems from the bank's core business. Those leasing a car or with any other loan from Swedbank could keep the special employees' rates for the next two years. As a financial incentive to accept the mutual employment termination agreement, Swedbank offered larger bonuses than prescribed in law. Employees leaving on mutual agreement did not have to work their notice period (an additional month) in the bank and could use this month on full pay to start looking for other employment.

Whenever possible, Swedbank tried to offer other positions within the company to well-performing employees who lost their positions due to structural changes. This was comparatively easy in the capital city of Riga, where employees from one branch could be relocated to another nearby. It proved to be a significant challenge elsewhere; if the bank closed the only branch in town, there was no relocation option. The bank offer was not restricted to relocation in the same position in another branch. Many functions in the organisation were no longer needed due to significant changes in the business so around 400 employees were retrained for other or additional functions.

⁽⁵⁰⁾ Bīders, Ritvars. Latvijā augstākais bezdarba līmenis ES. 30 October 2009. Web. 27 November 2009. http://www.db.lv/a/2009/10/30/Latvija_augstakais_bezdar [cited 7.5.2010].

Swedbank also made sure that outsourcing some of its services did not cause unnecessary job loss. It is currently planning to outsource its telephone bank service to Lattelecom, a telecommunications company, but the agreement has a requirement that most current telephone bank employees keep working for Lattelecom on similar employment terms.

Support measures offered internally were not differentiated among groups of employees. However, few of Swedbank's employees could be considered at risk of long-term employment, as they have been highly valued in the labour market. Swedbank has not sought to participate in any European funding programme to improve their internal support to the redundant employees.

6.7.4. Cooperation and external capacity

The bank recognised the need of some of the redundant employees for career guidance and counselling. The main beneficiaries were long-term employees, who had not experienced a work-life change of this sort for many years. However, others who could not find work immediately chose to use the option two to three months later, when they realised they might need such support; this was not so much to find work as to rethink their lives due to their unemployment.

One reason for using an external provider of counselling services was that the redundant employees could choose to attend counselling sessions when they needed them most. Additionally, regardless of how well the employment termination was prepared and what benefits were offered, many of these former employees feel resentment towards their previous workplace; therefore, it was important to offer a neutral environment to plan for the future. The bank itself lacked the specialists to offer such service internally. Moreover, the bank offered an outplacement service for well-performing long-time managers, for whom there was no other position available in the optimised structure.

6.7.5. Impact and effects

According to the HRM Director, it has been difficult to assess reintegration in the labour market, as there was no follow-up in place after contract termination. As there has been very little differentiation of support activities among the redundant employees, it is difficult to say which instruments work best.

Very solid results were achieved. On job preservation, approximately 400 people in the 10 months of 2009 have been retrained to do the work required by the new business environment. These employees changed their profile (a common example, from loan issue specialist to loan restructuring and collection specialist) and never needed to be made redundant.

6.7.6. Innovation and effectiveness

One of the biggest obstacles in supporting the redundant employees in Swedbank has been their unwillingness to use counselling and other support. While groups of redundant employees meeting and helping each other prepare and search for employment opportunities might seem an innovative practice, less than 20 people out of 550 responded and applied for these meetings. Counselling for the redundant employees was also not very popular; about 30 people used this opportunity.

The two main practices that could be transferable to other enterprises are retraining and responsible outsourcing. The massive retraining programme was performed by the enterprise's internal training centre, recruiting external experts where internal competences were lacking.

If outsourcing reduces costs and improves the quality of service, it often is and should be used. The better practice here is ensuring that the employees performing the service are not negatively affected. In this case, transferring these employees to the other company benefits all, since the bank continues to receive high quality service by experienced employees, and the employees keep their positions with similar terms as in the bank.

6.8. Siemens beE, Germany (CASE STUDY 8)

6.8.1. Background and context

The German company Siemens is a customer and investment goods manufacturer with a focus on electrical applications, energy production and medical technologies. Siemens has around 410 000 employees worldwide and realised revenues of EUR 77.3 billion in 2008. In Germany there are about 130 000 employees. In this context, Siemens is one of the biggest private employers in Germany. Besides the corporate HR department, the three main sectors, industry, energy and healthcare, also have their own operative and strategic HR departments.

Siemens beE⁽⁵¹⁾ is the department responsible for organising the transfer company projects at Siemens and comprises several transfer companies, set up for every restructuring project. The first Siemens internal transfer company (beE) was set up in 2002 for the telecommunication branch Information and communication networks (ICN), with the objective of socially compatible

⁽⁵¹⁾ 'beE' is the abbreviation for 'organisationally independent unit' (*betriebsorganisatorisch eigenständige Einheit*).

personnel adjustments. Siemens was one of the first industrial companies to establish an internal transfer company.

Siemens beE started with a small core team in 2002; since then, the department has been growing constantly. Today it has 90 employees and further external job consultants. The beE staff consists of HR specialists, psychologists, pedagogues and lawyers. It is located in 17 German cities with its headquarters in Munich. Today, Siemens beE is part of the department Placement services, making it the only human resource department, located at Siemens Global Shared Services. Siemens beE can be seen as an internal business partner providing its services to different Siemens branches if requested.

Different forms of personnel adjustments exist at Siemens. One lay-off option is a cancellation agreement with a redundancy payment for the employee. Another option is a cancellation agreement and the subsequent entrance into a transfer company; in this the redundancy payment is given to the employee after he or she leaves the transfer company. Restructuring processes provided via transfer companies are only one part of the human resource strategy of Siemens; others include engagement in initial vocational training and continuous training. Recruiting plays a major role. When the case study was carried out, Siemens had approximately 1 500 vacancies to fill. These different parts of the HR strategy, restructuring on one hand and recruiting on the other, are important to stay competitive.

6.8.2. Restructuring and job losses

Since 2002, Siemens beE has taken charge of 6 500 former Siemens employees. The majority of job cuts took place in the telecommunication branch where transfer companies were set up for ICN networks, COM Information and Communication networks, COM carrier and enterprises, as well as Nokia Siemens networks (NSN), with around 500-700 employees each. As a consequence of the new business structure of Siemens, the transfer company Sales general & administration was started. The merger of several departments led to redundancies of employees who were then supported by Siemens beE.

All kinds of employees, regardless of occupation and educational background, are affected by lay-offs; most beE candidates have a higher education. In most cases, participation in the beE is voluntary. Siemens beE provides counselling for executive managers on how to inform their employees about the redundancies and the option of the transfer company. When an employee is asked to enter a transfer company but does not want to, he/she can change place in the beE with another employee who was not laid off and who possesses comparable skills.

Generally, some of those who wish to enter the transfer company have already considered their next career step or want to start their own business.

In negotiations between the management of the affected branch and the works council, there must be a reconciliation of interests. In this phase, the number of job cuts, employee selection criteria, budget for the transfer company and its duration are discussed and the following steps arranged:

- (a) application of transfer short-time allowance at the labour agency;
- (b) choice of beE core team and external consultants;
- (c) adaptation of the concept;
- (d) preparation of qualification measures;
- (e) informing potential beE candidates via e-mail, intranet and information sessions;
- (f) individual counselling meetings on request, and set-up of an information hotline;
- (g) profiling of employees on behalf of the Federal Labour Agency.

6.8.3. Restructuring practices and process

Within Siemens beE, the duration of a transfer company is characteristically two years. As the result of the negotiations with the works council, the employer bears the risk of solely paying the reduced income of the employees after the expiration of the 12-month transfer short-time allowance from the Federal Labour Agency.

In general, all employees have equal access to career guidance and counselling. Every beE candidate has his or her personal consultant to analyse career opportunities. In these meetings, an individual action plan is conceived and signed by the employee to secure commitment and increase motivation. Every employee meets his or her personal consultant at least once a month, or more often if necessary. Each consultant counsels up to 30 employees.

The employees can use the beE premises, where they have access to Internet, telephone, scanners, etc. They can also use the internal library with literature about job application documents and relevant technical literature, and they have the potential to book a conference room if needed.

Employees will attend six obligatory basic workshops:

- (a) orientation workshop;
- (b) job application processes;
- (c) introduction to the job centre, by consultants who will present the services and facilities on offer;
- (d) interview training, in which recruitment interviews are simulated and a video analysis is conducted for every employee;

- (e) telephone training, in which employees are trained on how to establish the first contact on the telephone, when they apply for a job;
- (f) the 'manage yourself workshop' is organised after a few months in the beE to evaluate employees' progress and to decide further steps.

Besides the basic workshops, intensive support is provided to special target groups, such as part-time workers and older employees. In addition, counselling and training on business start-ups and on developing business plans is provided to suitable employees, considering their occupational and motivational background. Besides weekly English lessons or courses on computer skills, it is possible to receive specific qualifications, especially when this is necessary to fulfil the requirements of a new job. Further, employees have the opportunity to do a full-time qualification, for example, a bachelor degree in business administration or engineering. These qualification measures are particularly important for employees who, for example, worked a long time in accounting departments but do not hold a specific educational qualification. The extent of the qualifications depends on the intended budget for each project.

The beE internal job centre is a major feature of Siemens beE. Job centre consultants support employee job search and provide the following services:

- (a) search for suitable job vacancies for beE candidates;
- (b) huge network of 5 500 companies on the external labour market;
- (c) internet platform TalentLink, which contains all information about the profiles of the beE candidates and is an important tool for matching employees to job offers;
- (d) job newsletter with open vacancies which match with the profiles of the employees;
- (e) the provision of work placements up to four weeks in possible employing companies, allowing the employee to 'try out' the new job and the prospective employer the opportunity to get to know the worker.

Siemens beE also organises two or three job fairs every year. Thus, the employees have the opportunity to get in touch with companies and get in contact personally with HR partners. There are also regular company presentations at Siemens beE.

A slightly different instrument is the 'right of return': the employee is guaranteed to be allowed back into the transfer company if his or her new employment relationship is not successful or satisfactory. This is only possible in the first four months after entering the beE, and only during the first three months of the new employment. It varies from project to project.

Another important feature is the payment of a bonus for those who sign the contract of the beE before a specific date. Comparable bonuses sometimes exist

for employees who leave the transfer company in the initial months. This provides incentives to search for job offers and take up opportunities quickly. These features differ between beE projects.

More vulnerable employees do not receive specific support in the sense of distinct services, although the counselling may be more intensive for them. Nevertheless, the success of support is highly dependent on the motivation and commitment of the employee. Since lay-offs can cause crises which affect the whole family, it is possible for counselling with the personal consultant to include family members, if necessary. There is no additional support for non-employees.

The transfer short-time allowance is the only support received by the Federal Labour Agency and the initiative does not currently benefit from European programme support.

6.8.4. Cooperation and external capacity

Siemens beE cooperates with external partners to a limited extent. Private educational institutions were chosen to provide training on business development and project management. More important than the cost of the training are the quality of the training and the availability of trainers who suit the target group.

Cooperation with the labour agency is effective and, in an exchange programme, agency employees work at Siemens beE for half a year to get familiar with the work of the transfer company. Siemens beE does not use the services of the agency for career counselling. Cooperation with external partners increases skill development opportunities, and therefore employability, of employees.

6.8.5. Impact and effects

The overall re-employment rate of Siemens beE was 75%; in the telecommunication branch the rate was almost 80%. These figures comprise persons who found a new job or started their own business. The number of business start-ups increased in recent years. Approximately 20% of employees of Siemens beE can be placed in other segments of Siemens, through cooperation with the internal Siemens recruitment departments.

Combining counselling by a personal consultant and cooperation with the job centre is crucial for successful reintegration into the labour market. While the personal consultant supports the individual development of employees, the job centre can impart its know-how on labour market issues. The group work of beE employees in the workshops is also an important factor of success. Sharing experiences and seeing how others deal with the new situation increases the motivation of the employees for job seeking and eventual training.

Most employees leave the beE for permanent employment contracts. As transfer companies at Siemens last two years – an exception compared to other German transfer companies – the employees usually do not leave for a fixed-term and short duration contract. As former Siemens employees can sometimes be ‘spoiled’ in terms of remuneration and permanent contracts, it can be difficult to find suitable jobs for them on the external labour market. In this respect, the commitment of the employees is crucial for a successful reintegration into the labour market.

The comparably long duration of the transfer company is a good way to take responsibility for redundant employees and to provide socially compatible personnel adjustments. Still, this long period can sometimes hamper reintegration in the labour market, when employees dismiss job offers for a fixed-term contract because it would be shorter than the period of the beE. Another obstacle to successful placement into new jobs is the low geographical mobility of employees.

6.8.6. Innovation and effectiveness

Siemens beE is one of the few examples of a company-internal transfer company in Germany. This has the advantage that beE staff is well prepared for counselling former Siemens employees and it is specialised in the mostly technical profiles of employees.

Since Siemens beE started in 2002, it has gained valuable experiences with transfer companies and continuously adapted its processes. The fact that the beE department permanently grew, from six consultants to over 90 today, points to its successful performance. The experiences of the beE team in restructuring are reflected in high reintegration rates of almost 80%.

The most innovative aspect of Siemens beE is the work of the beE internal job centre. HR experts match and place the beE candidates to job openings at other enterprises, sound knowledge of the mostly technical profiles of beE candidates and the labour market being necessary for successful matching. The job centre also has connections to over 5 500 enterprises on the German and international labour market. Siemens beE is recognised as an efficient recruitment tool and is favoured by many HR partners. Some companies contact the job centre first if they have vacancies to fill, before publishing them, to match their job requirements with the profiles of beE candidates.

The company pointed out that work placements have decreased in recent years. If a company is urgently searching for a new employee, they prefer to fix a contract, instead of having a test phase of one month. Nevertheless, this

measure is still important for employees who want to shift career, as a way to find out if this work field would be suitable.

Siemens beE is recognised positively in local labour markets, in particular by the Federal Labour Agency and policy-makers. This is due to the fact that the transfer company is a comparably effective restructuring tool with successful re-employment rates up to 80%. Business partners who can hire former Siemens employees evaluate the services of Siemens beE positively.

6.9. PACE, United Kingdom (CASE STUDY 9)

6.9.1. Background and context

The company requiring assistance is a leading provider in outsourcing and providing IT managed services. One area of their outsourcing activities for both private and public organisations is 'back-office' facilities, providing a range of administrative and clerical functions, for financial organisations.

6.9.2. Restructuring and job losses

In October 2008, the outsourcing company and a major bank signed a one-year extension to a contract to provide continuing delivery of services to the bank. The extension period involved a major transition project, moving services in-house while maintaining them on a 'business-as-usual' basis. From the 500 employees who were placed at risk of redundancy, the majority was undertaking administrative tasks, and only 20 were team leaders or operational managers.

In agreement with the Public and Commercial Services Union (PCS), three options were available for affected staff: to take redundancy; to seek redeployment within the outsourcing company, or to join the bank when the subcontracted tasks would be carried over in-house. The majority decided to take redundancy on the terms offered; only a few sought redeployment or took jobs offered within the bank.

Employees leaving were invited to apply for up to GBP 1 500 of funding which the company was offering as part of the redundancy packages to support training they wished to undertake, for example, at a local college of further education or university. Those interested had to make a formal application and a committee decided whether a training allowance should be granted, using guidelines provided by the company. Certain employees took the opportunity to make a career change or to go into higher education.

For employees looking for work, the prospect of searching for jobs elsewhere was an extremely daunting task, which most employees were ill-prepared for in

terms of job-searching or interview techniques. It was mentioned that many of them had been with the company since they had left school and consequently had no experience of working anywhere else for any other employer.

6.9.3. Restructuring practice and processes

The company reviewed its options in terms of how best to support staff whose posts were being made redundant. After considering commissioning a commercial outplacement provider, they decided instead to resource the task in-house with support from the Partnership for Action for Continuing Employment (PACE).

As the first step in the process, the outsourcing company organised an outplacement resource centre in-company and recruited a member of staff internally to act as its coordinator. An early lesson learned was the importance, from the outset, of ensuring that those providing advice had administrative support to ensure there was adequate help and support.

The resource centre had facilities to enable up to six staff at a time to gain access to the internet and to the outsourcing company's intranet, allowing those interested in redeploying within the outsourcing company the opportunity to view and apply for, relevant roles. Independent financial advisers (IFAs) were available on-site for staff who wished to discuss matters relating to pensions, investing redundancy payments and other issues. Additionally, Jobcentre Plus staff were also available regularly by appointment to discuss vacancies and matters related to individual job search and career planning support, including individual career discussions, interview technique workshops, and job-search skill development workshops.

6.9.4. Cooperation and external capacity

Cooperation was established with Skills Development Scotland (SDS), which manages the cross-sector and cross-enterprise PACE programme in Scotland, in response to large and politically sensitive redundancies. SDS is a non-departmental public agency and was formed in December 2007, and combined Careers Scotland, the Scottish University for Industry, and key skills elements in Scottish Enterprise and Highlands and Islands Enterprise to form a new single skills body. This aimed to:

- (a) promote the availability of access to, and create demand for, relevant, high quality and innovative learning and skills development for the Scottish population;
- (b) advance education and skills development and the promotion of lifelong learning and skills development among individuals and businesses;

- (c) provide information, advice and guidance, including career and learning choices, to people of all ages;
- (d) provide support and funding to individuals for learning and skills development;
- (e) advance and provide training programmes to build employability skills and to provide information and support to employers to develop the skills of employees;
- (f) promote and assist local lifelong learning opportunities and the local development of skills;
- (g) foster collaborative partnerships in lifelong learning and skills development;
- (h) promote and deliver equality of access and opportunity in service delivery and the wider lifelong learning landscape.

Approximately 1 370 staff are employed to deliver the above services.

Initiated in March 2000, PACE is a national strategic framework in Scotland that aids a partnership approach for responding to redundancy. Its website indicates that: 'PACE ensures local and national public sector agencies respond to potential and proposed redundancies as quickly, effectively and consistently as possible'. The composition of individual PACE partnerships ⁽⁵²⁾ varies to meet the needs of local employers and their employees. PACE support is tailored to meet individual needs and may include:

- (a) identification of future career and training options and the steps needed to achieve them;
- (b) government-funded training support to improve skills and increase the chances of finding work;
- (c) information about state benefits and support in accessing them;
- (d) business start-up information and support;
- (e) job vacancy information;
- (f) employability support covering job search, CV and application form completion, and interview technique preparation.

In light of the current economic climate, the Scottish Government has been reviewing the range of services offered by PACE, including a national helpline, a revamped website ⁽⁵³⁾ and improved information resources. Among the resource materials available is an award-winning resource guide Positive Steps to your

⁽⁵²⁾ PACE teams involve local and national agencies, including Skills Development Scotland, Jobcentre Plus, Scottish Enterprise, local authorities, HM Revenue and Customs (HMRC), the Scottish Trades Union Congress (STUC) and its affiliated trades unions, Citizens Advice, further education colleges, local training providers and universities, chambers of commerce, Federation of Small Business (FSB), Advisory Conciliation and Arbitration Service (ACAS), Confederation of British Industry (CBI), Scottish Qualifications Authority (SQA) and the alliance of sector skills councils (SSCs).

⁽⁵³⁾ See: www.skillsdevelopmentscotland.co.uk/redundancy [cited 7.5.2010].

Future, which supports individuals in managing their job transitions and contains a range of information about agencies that can be of assistance. Through increased marketing and promotion, it is intended that PACE services will be more accessible to individuals and employers.

Current legislation requires employers to notify the Department of Business, Innovation and Skills if more than 20 of their staff are under threat of redundancy over a 90-day period. This information is reported to PACE local response chairs who contact the employers to discuss support. This has resulted in PACE services being accessed more by this group of employers than those with smaller numbers of staff at risk of redundancy. It is hoped that proactive work with micro, small and medium-sized enterprises (SMEs), combined with the use of the helpline and improved website, will result in more individuals and employers, in small-scale redundancy situations in rural as well as urban areas, accessing PACE services. The PACE team in the Highlands and Islands (H&I) has stressed the importance of undertaking proactive work with small businesses to offer support, including to those who were known or believed to be in economic difficulty and facing restructuring or closure. Recent work has included extensive activity in the financial services industry and a range of other sectors.

6.9.5. Impact and effects

The outsourcing company stated that ‘the response from employees was excellent’. An interim review undertaken by the outplacement resource centre coordinator indicated that, by June 2009, about 180 people were still working on the bank’s account, 80 had taken early retirement while around 250 staff had left.

6.9.6. Innovation and effectiveness

The main area of innovation and effectiveness related to the development of good partnership practice between the internal team and the external PACE partners (Jobcentre Plus and SDS), through a dedicated team. Further, the outplacement resource centre invited local learning providers, such as higher education institutions, to undertake presentations to staff so they could be aware of learning provision. In terms of effectiveness, the outsourcing company indicated that ‘the PACE team was instrumental in restoring confidence and lifting morale’.

6.10. TeliaSonera, Finland (CASE STUDY 10)

6.10.1. Background and context

TeliaSonera AB is a global telecommunications company with a leading position in the Nordic European countries. The company is also active in other countries in northern Europe, eastern Europe, central Asia and Spain, with a total of 135 million subscriptions in 2008.

TeliaSonera was established in 2002 following the merger between the main Swedish and Finnish telecommunications companies, Telia and Sonera. The separate brand names Telia and Sonera have continued to be used in the Swedish and Finnish markets. Telia has a history as a state telephone monopoly, before privatisation in the early 1990s. From 1992 to 2005, Telia undertook several workforce reduction programmes, cutting its workforce by almost 80% from 50 000 to 11 000. The main reasons for these reductions were the increase in competition brought about by deregulation of the Swedish telecom market and the continuous technological developments in the sector. Sonera went through similar adjustments throughout the 1990s, with some noticeable differences. Sonera used to have a monopoly only on trunk network calls, while most (about 75%) of local telecommunication was provided by telephone cooperatives. Following the introduction of number portability in 2003, mobile prices fell sharply, which had a major impact on Sonera's revenues. Financial difficulties were compounded by the loss of a mobile licence in Germany. The rest of this case focuses on the experience of TeliaSonera Finland (TSF).

6.10.2. Restructuring and job losses

The TeliaSonera Group employs about 31 000 people. About 5 200 people were employed in Finland in 2009, compared to 11 600 in November 2000, a reduction of the workforce by more than a half.

Technological, price and organisational developments are essential drivers behind the company's continuous restructuring and labour adjustments. In Finland alone, hundreds of jobs terminate each year, while hundreds of new jobs are also created. About 4 500 employees were dismissed from November 2000, including around 2 000, typically manual workers, who were transferred to other companies as part of the outsourcing of some activities. Dismissals and outsourcing were carried out at different times to adjust to changing market conditions. At the same time, TeliaSonera Finland (TSF) has continued to recruit.

The merger with Telia in 2003 brought a number of organisational changes, although the company remained largely managed on a national basis. One important development since the merger has been the increasing focus on

international work, which required new skills and activities. In 2007, the TSF organisation was split into divisions (mobile division, broadband division, business services, support function) which all report directly to TeliaSonera. This was meant to optimise resources by creating smaller and more autonomous units able to match competition, and by streamlining support functions. Given changing market conditions, planning and forecasting of job bottlenecks and skills needs are difficult beyond a 6- to 12-month horizon.

In the beginning of 2008, TeliaSonera announced measures to save nearly 500 million Euros, which would include 2 900 redundancies: 2 000 from Sweden and 900 from Finland. The job profile of the company had been profoundly transformed over the previous decade as a result of the above restructuring. Whereas the company was dominated by male engineers and technical personnel, most of these functions have been outsourced to subsidiaries since the late 1990s. Only a limited number of staff with this background have been retained within the company, and this has often entailed accepting new tasks and developing new competences. The company now has a relatively young workforce, graduating typically in business management, sales, customer service and communication. The share of female employees has increased to 43% today. Job rotation within the firm is widespread and over 1 000 employees change jobs annually. The sector and company have also been characterised by a relatively high turnover; about 6.5% of the workforce leave voluntarily every year. In the current phase of economic downturn, turnover is at about 2%.

A significant alteration in the tasks allocated to an employee as a result of changing market conditions is a legal ground for dismissals. In the event of collective dismissals, the law requires the company to consult and negotiate with employee representatives for two months before a decision is taken on how many and which employees will be dismissed. The law requires that these persons get financial compensation in the form of a severance payment proportionate to their seniority in the firm.

TeliaSonera aims to promote a responsible approach to its restructuring processes for a number of reasons:

- (a) business image: TSF has three million customers in Finland for a total population of 5.3 million people. Every Finnish person is directly or indirectly aware, as client, employee or citizen, of TSF activities;
- (b) employer image: TSF wants to preserve its image as a good employer in order to attract experienced employees for new recruitment. Occasionally, TSF has recruited again employees previously dismissed and it circulates a list of open vacancies to all former employees every month;

- (c) internal management and human resources considerations: line managers responsible for notifying the dismissals have often expressed their difficulties in firing friends or colleagues with whom they have worked closely. Staff motivation and prevention of associated sick leave is also a central concern of the firm.

In spring 2005, a new wave of 600 dismissals was envisaged, and it was anticipated that an additional 1 000 positions would need to be cut the following year. Internal reflection started on how to organise such major restructuring without having to terminate contracts. Although it was criticised by external trade unions, the idea of a competence pool was debated and gradually gained ground within the company. Following negotiations between employees' representatives and management, it agreed to test out the new system for a limited period of time. The scheme was presented to the press in November 2005, together with a confirmation that there would be no more direct termination of contracts. The competence pool started its activities in January 2006 and was continued in successive years, though its parameters were adjusted to match changing conditions. Further, it was felt important to set greater incentives for job search and to limit the costs of the scheme at a time when fewer job vacancies were available.

6.10.3. Restructuring practice and processes

The objective of the pool is to help employees at risk of redundancy find new professional goals. It provides an institutional structure and related financial support to seek new career opportunities during a period of time which is longer than the regular period of notice. Indirectly, the pool also helps TSF business units as it aids outplacement/redeployment of former employees, at the same time as helping them find new professionals for available positions. The pool was conceived initially as a temporary, one-year, project in autumn 2005. It functions as a separate unit, with its own budget, and reports directly to the HR department. It now employs 10 permanent staff, including HR professionals and former employees from the pool. The activities are supervised by a steering group with employees and business representatives.

Since January 2006, all employees at threat of losing their job following the legal two-month negotiation period with employees' representatives are transferred to the pool. The transfer is preceded by an in-depth discussion between the line manager and the employee concerned, which should already contribute to a better understanding of the pool's role and mission. Once in the pool, the first phase (typically the first month) is often used to adjust to the new situation. In the second phase (typically the second month), employees are

invited to take part in a 3.5-day outplacement training, as well as to make the most of other job and training opportunities. It is expected that a sustainable solution can be found within the first three months, including re-employment at TSF, termination of the job contract, training leave or retirement. Within the pool, each manager is responsible for mentoring and coaching about 40-60 employees. The first meetings help clarify the person's profile and screen his/her competences. An individual action plan is developed and jointly signed within one month. Training activities and individual solutions are agreed jointly.

Since its establishment, the pool has gathered about 100 to 200 employees at any point in time. Employees transferred to the pool maintain their employment contract with TSF; their previous tasks are terminated and they become legally attached to the pool, with a new line manager. The pool is a defined geographical space within the company. Employees can decide to move their office there, or they may decide to stay physically in their previous unit. The only requirement is to be physically present at work three days a week. The pool offers a variety of services which employees can make use of, such as change coaching, training courses, development dialogues, support for career planning, and competence inventory possibilities, through self-assessment or joint review. Social and health support can also be accessed anonymously, either within the firm or through an external service provider.

Re-employment at TSF is considered a serious option. Pool employees are helped to find new positions within the company. Employees transferring to fixed-term positions retain their current salary and benefits. When the fixed-term employment terminates, the employee returns to the competence pool unless an alternative has been found. If a new permanent position is found during the first month, the employee is granted an extra one-week paid holiday.

The rules applied to severance packages were amended at the beginning of 2008 to increase the incentives to find a solution within the first three months. While maintenance in the pool was of unlimited duration before that, the new rules foresee that the extra payment from TSF (typically an additional four- or six-month wage, depending on the seniority, given in addition to the legal severance payment) will start to decrease every day by a two-day payment once the first three months have passed. When the extra pay has run out, the employment is terminated and the 'extra' severance package is no longer available.

The pool has become TSF's largest training unit, with about 100 people in training for new jobs either on a fixed-term basis or through on-the-job training. In addition to the training available for all TSF's personnel, pool employees have access to training more tailored to their needs and mostly provided by outside consultants. For those people seeking re-employment within or outside the firm,

access to training is an important part of the individual action plan. The training portfolio covers general courses to acquire transversal skills, such as foreign languages and communication skills, as well as technological updates, project management and business areas that can open new professional paths, such as entrepreneurship training or website design.

The standard 3.5-day outplacement training is used by most employees. This serves to help employees update their CV, plan their job search and prepare for future interviews, while addressing the uncertainties and apprehensions linked to the new situation. Internet meetings have allowed employees, especially those not located in Helsinki, to participate simultaneously in training activities without incurring travel costs.

In 2008, the costs amounted to about EUR 21.23 million; they remained the same in 2009. The financial earnings generated by the pool can be estimated as the savings in recruitment and joining costs, which is calculated at about EUR 50 000 per person. So far, given that 258 employees have been re-employed since 2006, the corresponding savings of the pool amount to about EUR 13 million.

All pool costs are attributed to the different business units at the end of each year, as a proportion of the number of employees originating from these units. This is seen as an effective and fair mechanism to internalise the costs of the pool in the daily functioning of the units and to maintain appropriate incentives for line managers to prevent redundancies and focus on redeployment.

6.10.4. Cooperation and external capacity

The role of the public employment service (PES) in the conduct of TSF's various restructuring processes has been limited so far, since its field of activity is mostly directed at people already unemployed. Its involvement in restructuring cases is focused mainly in rural and industrial areas.

The pool limits its recourse to external consultants to the provision of specialised training. Coaching and mentoring activities are essentially carried out in-house.

Over the years, the 3.5-day outplacement training has gained in importance and has become well institutionalised within the activities of the pool. The work of external consultants is seen as particularly helpful since they can give the appropriate 'distance' and 'breathing space' to the employees to reflect on their situation, express negative feelings and move them to explore opportunities which can be tapped through participating in the pool.

6.10.5. Impact and effects

Surveys are regularly conducted by TSF and HRM partners to map out the level of satisfaction of employees taking part in the pool. In 2007, 79% of the respondents gave the grade 'good' or 'excellent' to the competence pool's operations; in 2008 it was 90%. Employees have given positive feedback particularly on the breadth of the training portfolio. According to HRM partners, 23% of participants have found a job less than one month after the outplacement training, 26% within one to two months, and 31% within three to four months.

Although it has a clear financial cost (about EUR 60 million since 2006), the experience of the pool is considered positive by most parties concerned: the employees transferred to the pool, managers, employee representatives and external organisations. A number of positive implications are perceived, but are often difficult to quantify.

Contribution to the wellbeing and job search chances of dismissed employees is one. Experience has shown that dismissed employees often go through a period of relative mental and financial distress in the first months after notice. The services of the pool have proven to help employees overcome this first phase. In particular, it helps rebuild the motivation necessary to take on new challenges and look forward to new job opportunities. While most employees eventually leave the firm, they do so on good terms, with a 'solution' more adapted to their needs and aspirations. Some even express gratitude to have had the opportunity, once in their professional lifetime, to step back, reflect and decide over their career.

Contribution to the wellbeing of current employees and managers is another perceived benefit, as the impact is also positive on the rest of the company. Contrary to the trends in Finland, the rates of absence due to sick leave and occupational disease have stopped increasing since the establishment of the pool. Another positive aspect is that the pool is not seen as a separate entity, but is well integrated within the company. It is regularly elected by employees as the unit place with the best 'working atmosphere'.

There is also its contribution to the business image of TSF. Under the previous system, dismissed employees from TSF would leave on negative terms with the company, possibly cancelling their subscriptions as clients and spreading a bad reputation. A survey carried out at the time had shown that 70% of them were very negative towards TSF and would refuse to be re-employed. These attitudes are much less frequent and re-employment of former employees is frequent.

6.10.6. Innovation and effectiveness

The experience of the pool is notable for a number of reasons. First, the scheme provides services which go significantly beyond legal requirements, as well as comparable practices in the sector. Second, the scheme was developed internally together with employee representatives and was refined over time. The scheme has subsequently been adjusted in the light of experience, as well as to reflect changing market conditions. New services, such as the extension of training portfolio, have been added to respond to perceived needs. The fact that it was designed as a temporary scheme has also given it a certain dynamic and flexibility. The competence pool is regularly evaluated and its working methods and outcomes have been extensively disseminated in Finland and in other countries, through the human resources working group of ETNO, the European Telecommunications Network Operators Association. The HR department dedicates time and resources to informing other companies, journalists and researchers interested in the scheme. More than 200 companies have visited TSF or requested information about the pool since then.

The scheme has a substantial profile and has attracted significant attention. In November 2008, HENRY, the Finnish Association for Human Resource Management, chose TSF's competence pool as the Personnel Achievement of the Year. HENRY assesses the pool as follows: 'The initiative is now very topical, not only in telecommunications but in other industries as well. It is an exemplary initiative that reflects the employer's responsibility for the employees. It is also a truly innovative, unique initiative in Finland. Further, it has great social significance' ⁽⁵⁴⁾. The aspect HENRY especially valued is that the operating model has been developed in cooperation with employee representatives.

6.11. Anglesey Aluminium Metals Ltd, UK (CASE STUDY 11)

6.11.1. Background and context

Anglesey Aluminium Metals Ltd (AAM) is located near the town of Holyhead on the Isle of Anglesey in the north west corner of Wales. The plant has been operating for around 40 years and is currently jointly owned by Rio Tinto and Kaiser Aluminium & Chemical Corporation. The plant is a heavy consumer of electricity and has operated for many years with a preferential agreement with the power company generating from the nearby nuclear plant. However, this

⁽⁵⁴⁾ See: <http://www.henryorg.fi> [cited 17.5.2010].

agreement came to an end in September 2009 and negotiations with the Nuclear Decommissioning Authority failed to reach a satisfactory agreement, affecting the plant's viability. Although government financial support was offered, it was considered to be insufficient to change the decision to close down the smelting operation, with demand being met from other plants in the UK, principally Scotland, and abroad ⁽⁵⁵⁾.

The company will continue to operate a small scale 'remelt' operation using the casting facilities on site, though with less than 20% of the original workforce. This is a very large site in terms of area and the company is also concerned to bring in new businesses and uses for the location and is working with the Welsh Development Agency on this. At full strength, the plant employed around 530 staff of whom around two-thirds could be categorised as manual workers with intermediate and craft skills. Around 40% of the workforce is over 50, many of who have long service with the company.

The Human Resources Manager (HRM) is the main focus for handling the restructuring from the personnel perspective, working closely with the HR director and other operational managers. There is a high level of trade union membership at the plant with UNITE dominating through two branches representing the manual and non-manual staff. The trade union has been fully involved in the consultation process following the announcement of the restructuring. It has been particularly active in lobbying for government intervention to save the plant.

6.11.2. Restructuring and job losses

The escalating cost of electricity and the failure of the company to secure an advantageous long-term agreement with the power supplier were the principle reasons for the closure decision. While the facilities at the plant were perhaps not as up-to-date as other operations, it was regarded as an efficient operation and one that was particularly important for this corner of Wales where jobs are hard to find. Locally there have been a number of significant redundancies and those at this company would add to the problems piling up in the area.

The recent job losses involved over 400 redundancies and required a three-month period of consultation. After a call for volunteers for redundancy, around 140 employees came forward to register their interest and were eventually accepted onto the scheme, the majority leaving to take early retirement. Of the total employees remaining, the company went through the process of selecting

⁽⁵⁵⁾ The package of support on offer included help under the Welsh Assembly Government's ProAct scheme. ProAct broadly offers financial support of up to GBP 2 000 per employee towards training costs; a wage subsidy of up to GBP 2 000 (at a rate of GBP 50 per day) per employee while undergoing training; and one-to-one expert advice particularly geared to providing individual training plans.

staff to remain in employment in the remelt business, leaving around 250 to be given notice of compulsory redundancy.

The severance terms were based on enhanced statutory redundancy terms, consisting of one month's pay per year of service; this equates to around four times the statutory requirement. Follow-up support to supplier organisations that might be affected by the changes in the company has been offered by local government where needed.

6.11.3. Restructuring practice and processes

The call for volunteers for redundancy mainly comprised older workers with the option of retiring early. The severance package on offer was the same for volunteers and those made compulsorily redundant and this, coupled with the difficult labour market conditions prevailing at the time and the company's comparatively remote location, probably accounted for the relatively low numbers coming forward. However, there was also the prospect that the company would be supported by government as it had been 10 years ago and it was not until after the consultation period that its eventual fate became clear.

At this stage it was then possible to set in train the support for those being made redundant by engaging outplacement consultants and inviting Careers Wales on site. The scale of the job losses also meant that the national rapid response service could be engaged, organised through Jobcentre Plus.

6.11.4. Cooperation and external capacity

The outplacement company chosen was DBM, a private sector firm that specialises in providing customised support to displaced workers. The company was selected by a tendering exercise, a requirement of which was that support in the Welsh language should also be readily available, though in the event there was little demand for this service.

Careers Wales played a key role in the process. As the national provider of careers information, advice and guidance for adults and young people, it operates through a network of area offices. It also gives support to employers and businesses requiring help and advice on recruitment, training, employee development, skills and qualifications. Since the private outplacement company and Careers Wales worked collaboratively, demarcation of activities was established from an early stage of support provision. The company set up a temporary careers centre on the site to allow staff to drop in for advice. Initial individual interviews were all with Careers Wales, allowing those employees, who so wished to take advantage of funding available through the Redundancy Action Scheme (ReAct). Employees were then handed on to the outplacement company

for training and guidance to aid in their search for new employment. In addition, Jobcentre Plus offered general advice on job search and benefit entitlement. The key aspects of the support package put together by the company in cooperation with the agencies on site included the following:

- (a) the company operated a drop-in advice centre and staff was in attendance for those that need help with the resources available;
- (b) all ex-employees were to be contacted early in 2010 to request permission to retain their details on file and to forward these to any potential employers;
- (c) additional website support with password access, allowed the staff who had left to have online support in terms of access to information and advice;
- (d) through the Redundancy Action Scheme (ReAct) employees and former employees could receive funded training, the latter through their new employers;
- (e) inviting employers on site was a very successful activity that attracted some employers from the same sub-sector, but others from more general engineering and some unrelated sectors, such as the police. Several plants located in different countries, within the broader company group, including some from the Middle East, were recruiting and one spent a week on site and secured some workers for overseas.

This combination of measures, delivered in a collaborative atmosphere by the provider organisations, was felt to provide a comprehensive support package, effectively combining state aid with that funded by the company.

6.11.5. Impact and effects

The package of measures has provided a choice for the displaced employees. The comparatively generous financial package on offer meant that over one third of those facing redundancy chose early retirement and, though the other two thirds chose to wait, they did not suffer any diminution in their severance package because of it. Having drop-in facilities on site where workers could access information and advice from the national careers advice supplier (Careers Wales) proved to be popular. Anecdotal evidence suggests that a significant number of employees secured other jobs, which is a very positive outcome in the current labour market conditions, especially in this part of Wales where unemployment rates are comparatively high. Around 40 employees were retained on site throughout 2010 to carry out clearing up duties and their severance terms were unaffected by the extra few months work they had.

6.11.6. Innovation and effectiveness

The company recognises that it has been an important provider of jobs (directly and indirectly) in the area and has developed a range of support services that reflect the needs of its employees, as well as the wider community in which it operates. This social responsibility is demonstrated through various activities.

A key feature of the support provided to displaced workers was its comprehensive nature, with information, advice and guidance being offered in all eventualities covered, whether it was early retirement, retraining, job search (within the broader company group or externally), or self-employment. Further, it was recognised that the support would need to be available for some workers well after they had left the plant.

Bringing public and private providers together and expecting a high degree of collaboration was a bold attempt at combining the best of services from both types of supplier. Although cooperation may cause tensions, with encouragement from the employer and a willingness on all sides to work out complementary activities, it provided an enhanced service in terms of quality and range.

Despite the difficult labour market conditions nationally, and even more so in this comparatively remote area of Wales, the initiative of inviting other employers with current vacancies on site was very productive. The employer and the support agencies combined efforts to identify possible job openings elsewhere (not just locally but nationally and internationally) and encourage these employers to consider the displaced workers as possible recruits.

Since the company had a large site, much of which would be underused at least for the medium term, space on site was offered to those wishing to trial their own business ventures. However, providing space alone to those wanting to be self-employed was not enough, so the support agencies made available a package of measures, including training and funding through the Welsh Assembly Government's ReAct.

6.12. Volvo Cars, Sweden (CASE STUDY 12)

6.12.1. Background and context

Volvo Cars Corporation (VCC) – Volvo Personvagnar – is a Swedish car manufacturer founded in Gothenburg. The very first Volvo car left the factory on 14 April 1927. Since then, Volvo has become a large corporation, producing automotive models including wagons, sedans, coupés and SUVs. The company has 2 500 dealers worldwide and is present in about 100 markets.

Volvo Group, as one of the largest manufacturers of commercial vehicles in the world, decided to sell its automobile manufacturing activities in 1998 to focus its efforts on the market for commercial vehicles. In 1999, VCC was sold to Ford Motor Company, which saw advantages in acquiring a profitable prestige medium-sized European automobile manufacturer. The Volvo trademark is thus currently used by two separate companies: the Volvo Group (manufacturer of commercial vehicles) and Volvo Cars. The case study description focuses on the latter.

6.12.2. Restructuring and job losses

2008 was a very challenging year for the entire car industry following the impact of the global financial crisis and resulting economic turmoil. Volvo Cars global sales volumes fell by 18.3%. The decline in sales in the US, Volvo's largest single market, was particularly difficult for the firm. The economic fluctuations created a very uncertain situation for the company and the downturn in the car industry was more drastic than expected.

Earlier adjustment strategies had been based on voluntary schemes such as early retirement and educational offers ⁽⁵⁶⁾. This time, however, the situation was more dramatic and so were the consequences. In response to economic developments, Volvo decided to cancel the third shift in the Torslanda plant to match production volumes to reduced order levels. All departments had to cut costs to manoeuvre the company out of the economic downturn. Savings could be obtained in several ways, but dismissals of part of the workforce were considered unavoidable. For the whole company, the cost-cutting process resulted in a notice of dismissal concerning 6 000 employees globally, with a number eventually maintained or re-employed. As of mid-October 2009, VCC had 19 600 employees globally, as opposed to about 24 600 in June 2008.

The adjustment strategy, known as 'right-sizing', was based on the following principles:

- (a) a well-functioning company;
- (b) optimising balance between the commercial and industrial parts of the enterprise;
- (c) maintaining knowledge in all industrial functions;
- (d) competitive products;
- (e) keeping key competences within the company.

The first notice came in June 2008 and mentioned 1 200 employees in different VCC locations. A key aspect of the reorganisation was to redefine and

⁽⁵⁶⁾ Volvo had experience of giving notices of dismissal in previous 'crisis periods', but this was several years ago and on a much smaller scale than during the 2008-09 restructuring process.

identify key activities, deliverables and staff functions to be suppressed, to reduce duplication. All units underwent significant changes to adapt to the new economic targets. The new organisation merged various departments to achieve synergies and more efficient internal communication channels. The new set-up resulted in a flatter organisation and more strategic competences in-house. Throughout the reorganisation, a clear focus was also on keeping research and development as one of the core activities in Volvo.

The new organisation demanded new roles and job descriptions, new competence schemes and a new selection of people who could match the competence requirements. Throughout the restructuring process, instructions were given to keep essential competences in the firm, such that competences were a decisive factor in the selection of people to keep in the company. According to the Swedish Employment Protection Act, length of service and competence determine the priority of the employees in redundancy processes. The company can, in cooperation with the trade unions, agree on other criteria, but this is usually more costly for the company.

During the summer, however, it became clear that the first notice would not solve the challenging situation, as the financial crisis hit harder than expected. A second notice was given in October 2008, which concerned an additional 2 700 employees.

The result of the restructuring process had significant differences between planned and actual redundancies. The company was able to limit the redundancy numbers through a significant reduction of costs in other areas, such as supplier contracts, purchased services, IT and co-location of offices. Some 4 616 people were made redundant during the restructuring process, including 1 215 consultants whose contracts were terminated: this is about 1 400 fewer than the number of notices issued in June and October 2008. Overall, about 6 000 people left Volvo Cars. In addition to those who were dismissed, a number of employees had agreed early retirement schemes or educational packages ⁽⁵⁷⁾ before the 'right-sizing' process, but these departures did not come into force until 2009. Part of the staff reduction was also due to natural staff changes, with employees leaving the company because they found other jobs or moved geographically.

The supply chain was also affected by the restructuring process. Volvo is a large purchaser of goods and services and for many suppliers, the company may be their main *raison d'être*. It is likely that several VCC suppliers were hard hit by the restructuring, but no precise estimate exists at this stage.

⁽⁵⁷⁾ Volvo offers two kinds of educational packages: one where the company finances the whole training for an employee and one where the company gives some financial support to facilitate training as part of the severance pay package.

The situation is still difficult for Volvo and the company continues to run a deficit. VCC has signed an agreement with the local trade unions to avoid further redundancies. This agreement obliges all employees to contribute to lowering personnel costs in the company during 2009. One example is that salary revisions have been postponed to 2010, without retroactivity. The cost savings also involve the top management, who have accepted a 5% pay cut from April to December. No bonuses were paid in 2009 and 2010.

6.12.3. Restructuring practice and processes

Trade unions were consulted as soon as the decision to issue notices of dismissals was taken ⁽⁵⁸⁾. The process was relatively smooth and the unions could take part in the restructuring. The project got its own organisation team to take care of the negotiations, practical issues and communication aspects, both internally and externally. It was important to involve top management, so that employees could see that decisions were part of a long-term strategy.

Information meetings on the process were open to all employees, including those who would not be made redundant. All employees who lost their jobs were given the opportunity to leave the office when they wanted, thus helping redundant employees to start job-search early. In parallel, a large-scale matching process was set up to relocate as many redundant employees as possible within the firm. During the reorganisation, many positions remained open and some became vacant. Also, with 1 250 consultants leaving the firm, many tasks could be redistributed to other employees. The possibility of placing blue-collar in white-collar positions was also considered. Competences and skills were the most important factors in the matching process but, when qualifications were considered equal, seniority in the firm was the decisive criterion. Trade unions were invited to take part in the matching process but decided against.

6.12.4. Cooperation and external capacity

Early in the process, before the notice was given, Volvo had informed the sectoral labour market agencies (TRR ⁽⁵⁹⁾ and the PES ⁽⁶⁰⁾) about it, to identify possible help to handle the situation and help the employees who would lose

⁽⁵⁸⁾ Trade unions represented at VCC include IF Metall, Unionen, Akademikarna and Lederna.

⁽⁵⁹⁾ The TRR was founded by the social partners as a supplement to the different educational and retraining schemes which are organised and financed by the government. The TRR was established especially to meet the needs of white-collar employees, where the government had proven insufficient. Later, some groups of blue-collar workers joined. The services are paid for by the 32 000 affiliated companies like an insurance policy. The contribution is 0.3% of the company payroll for employees covered by the TRR agreement.

⁽⁶⁰⁾ Arbetsförmedlingen is the Swedish public employment service.

their jobs. Volvo selected StartKraft⁽⁶¹⁾ and the PES to support both the HR team and workers at risk of dismissal, following a tendering procedure for services aiming to:

- (a) support the redundant worker in analysing the situation, work out an action plan and act accordingly to find new employment opportunities as soon as possible. The service provider delivered alternative solutions, such as continuing training and business start-up;
- (b) back managers, human resources and labour union representatives in preparing and carrying out the restructuring process.

The services provided included job-seeking training, personal coaching, and individual counselling services for employees made redundant. Meetings were also arranged with Swedish and international companies looking for new staff. Accessibility to services was broadened by opening a telephone line and an office at the Volvo plant in Gothenburg, and providing one-to-one career guidance.

Managers and high-risk employees received differentiated support. Managers could be followed up by an agency specialised in headhunting and job-seeking at management level. A number preferred this solution to being followed by the TRR. High-risk employees, presenting particular difficulties in reintegrating in the labour market, were offered an extra educational package. Some employees received financial support from Volvo for education and training.

6.12.5. Impact and effects

Both the matching process and the efforts made by the external partners produced good results in reintegration to working life. During the matching process, 1 000 people made redundant eventually found new positions within VCC. A further 500 people were transferred to other positions within the Volvo Cars Torslanda plant in Gothenburg.

TRR reports that 40% of the white-collar workers who requested professional support as part of the process reintegrated into working life (whether in permanent or fixed-term contracts, or by starting their own businesses) or undertook further training. Of the blue-collar workers who benefited from Startkraft's services, 80% gained new positions in permanent or short-term contracts, started their own business, or followed relevant training. Many blue-collar workers have had more time to look for jobs as they received their notice of dismissals earlier. This may partly explain why more workers than managers found new positions. Some of the

⁽⁶¹⁾ StartKraft is a body owned by the TRR which is specialised in assisting blue-collar employees. Its role consisted in helping the blue-collar workers made redundant at Volvo.

explanation may also be found in the fact that Startkraft reports contracts shorter than six months as 'new positions'.

6.12.6. Innovation and effectiveness

The 'right-sizing' project does not contain any truly innovative elements other than the size of the restructuring and the fact that all measures were taken on a large scale. The following success factors were identified:

- (a) early planning with the involvement of trade unions and external collaborators;
- (b) a clear project with regards to responsibilities, economic resources, schedule and expected results;
- (c) close cooperation between human resources and finance departments for a target-oriented process, and a consistent communication strategy leading to clear messages from the top management on the firm's future goals;
- (d) support to managers at all stages of the restructuring process and visible leadership at all levels.

Through a survey among managers and personnel, Volvo Cars received positive feedback on the way the structuring process had been carried out. In particular, the personnel were satisfied with the employer's efforts to meet the needs and expectations of redundant employees as far as possible. In particular, many employees praised the fact that the external service providers had offices in the same building as Volvo, allowing employees to get advice in an easy manner.

6.13. Better West Midlands Project, UK (CASE STUDY 13)

6.13.1. Background and context

The West Midlands region of the United Kingdom (UK) has a long history of manufacturing and continues to be a major centre for sectors such as automotive, mechanical and electrical engineering, with many of the businesses being interdependent, such as the motor manufacturers and their supplier companies. In all regions there is a rapid response service in the event of mass redundancies, which basically harnesses existing guidance and training provision through Jobcentre Plus, the public employment service, although activities tend to focus on job search.

The Better West Midlands project ⁽⁶²⁾ goes further and offers a more holistic support to those facing redundancy. The project was set up in 2006 with funding through the regional offices of the Learning and Skills Council ⁽⁶³⁾ and the regional Government Office, using ESF. It was initially focused on the rapidly declining ceramics industry in Staffordshire but, since the model was successful, it was later extended to other sectors with an improved budget. The rules governing the use of mainstream funding for training and retraining, mostly channelled through the Learning and Skills Council, were significantly relaxed so that training did not have to lead to a recognised qualification. This meant that much of the delivery could be geared to the needs of the employers, employees and the jobs available, though accredited training was also supported.

A key feature of the project is the emphasis on partnership in offering support to those facing redundancy, involving employers, worker representatives and key agencies, such as Jobcentre Plus and Nextstep. The pivotal role of the trade unions is both innovative and crucial. The Better West Midlands project offers a wide range of possible interventions, the mix of which is determined by the local needs, but includes:

- (a) initial assessment and skills for life screening;
- (b) one-to-one confidential advice given by qualified career advice and guidance staff, and the development of a career action plan, before considering how learning can support individual short and longer term aims;
- (c) opportunities to retrain or reskill;
- (d) access to advice on benefit, allowances, debt counselling, self employment opportunities, etc.;
- (e) continuing support, mentoring and tracking;
- (f) job search and support to employment.

Since not all of those facing redundancy will require all of these elements, the customisation of provision to individual needs is an important feature of the service. A key success factor is the establishment of an individual action plan with documented activities and timeframe. This is backed up by personal support throughout the period prior to getting back into work and for 13 weeks afterwards.

The Better West Midlands project does not only offer initial advice and guidance, but it also funds retraining activities that many enterprises could not fund, particularly in the throes of a recession. This is an important advantage

⁽⁶²⁾ The project grew from the special task force set up in 2004 to deal with the mass redundancies at the Rover car plant in Birmingham. This involved the redundancy of 5 000 directly employed staff on one site plus indirect job losses in the many supplier companies. Substantial resources were allocated to provide IAG, job search and training support, some of it from the ESF.

⁽⁶³⁾ Different funding arrangements and agencies to administer them are found in Northern Ireland, Scotland and Wales.

because trade union involvement can lead to the early identification of job losses, so adequate support can be provided as quickly as possible. An initial discussion between the project officer and the human resources manager is often all that is needed to convince a company that it would be beneficial for all sides to invite the project to provide assistance.

Project assistance tends to be structured in two phases. The first phase involves a series of outplacement sessions held on site and comprises job search support and career adjustment, including career guidance and retraining. Jobcentre Plus works alongside the project team offering general advice on labour market demand and the sorts of jobs that might be available. The information and advice sessions on site are only the start of more extensive provision delivered off site, given that some of the staff being made redundant may not have applied for a job for many years. Where the staff of a company is dispersed across a wide area, the support may be offered in a range of locations, through for example, further education colleges. The support offered is customised to individual need but, at a minimum, comprises:

- (a) refinement of the action plan first outlined in the initial counselling session held in the company;
- (b) a skills audit and an assessment of training needs in relation to future job aspirations;
- (c) training delivered by the FE colleges based on their portfolios of courses;
- (d) assistance with job search during and after training.

The project team regularly tracks participant progress and college performance in meeting their contractual conditions.

Among additional opportunities, the Transition to teaching initiative aims to encourage workers in industry to consider a career in teaching, since skilled engineers are among the redundancy group and there is a shortage of teachers in engineering.

6.13.2. Impact and effects

Those facing redundancy should be targeted for assistance before they leave their employer, otherwise it is difficult to engage with them. In case of mass redundancies, the three-month notice may seem a long period to develop in-company support. However, in practice, only towards the end of this period, is it known who will actually face redundancy, since the statutory notice period is normally one month. Employers are under increasing pressure from the recession and often will not have the resources to provide proper support to those staff being made redundant; an external agency providing access to advice and support is crucial.

In terms of judging the impact of the approach, the Better West Midlands project team tracks their clients until they have been in work for 13 weeks, and can offer some insight into their destinations and success on reintegration into the labour market. The project claims to have achieved over 90% of returns to work before the current recession, but success rates are likely to decrease in periods of economic downturn, due to the reduced demand for labour.

6.13.3. Innovation and effectiveness

The innovation here comes from the strong involvement of the trade unions, which is less frequent in the UK where social partnership is less structured than in other Member States. Of particular importance is their role as an early warning of impending redundancies.

6.14. The East of England Development Agency, Response to Redundancy (R2R) (CASE STUDY 14)

6.14.1. Background and context

The East of England Development Agency (EEDA) established the Response to Redundancy (R2R) in early 2005 in conjunction with the European Social Fund (ESF). R2R offers services to people whose jobs are at risk or who are in the process of being made redundant. Those eligible are employed ⁽⁶⁴⁾ by public or private sector organisations at a location in the east of England (in the counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk). EEDA is now, with ESF, investing GBP 2.2 million in a new Response to Redundancy package as part of a wider GBP 6.2 million Beyond 2010 skills training programme ⁽⁶⁵⁾.

The Response to Redundancy Programme complements the Rapid Response Service ⁽⁶⁶⁾, initiated in 2002 to support larger scale redundancies, which is operated on a regional basis by Jobcentre Plus, and other provisions recently introduced by the Learning and Skills Council ⁽⁶⁷⁾. Response to Redundancy (R2R) provides a range of support to individuals including career guidance on an

⁽⁶⁴⁾ The staff concerned must be directly employed and temporary. Agency staff are excluded.

⁽⁶⁵⁾ For further details see: <http://www.eeda.org.uk/beyond-2010.asp> [cited 17.5.2010].

⁽⁶⁶⁾ For further details see:
http://www.jobcentreplus.gov.uk/JCP/stellent/groups/jcp/documents/websitecontent/dev_010594.doc. [cited 17.5.2010].

⁽⁶⁷⁾ There are some concerns about overlap between initiatives which are being addressed progressively by EEDA.

individual and group basis, as well as financial support to undertake training. Some 516 companies had used the R2R service up to September 2009 ⁽⁶⁸⁾.

6.14.2. Restructuring practice

Access to R2R can be initiated by either companies making redundancies or, less frequently, individuals who are being made redundant. The first formal route is through statutory notification ⁽⁶⁹⁾ procedures whereby companies, making 20 or more posts redundant, have to inform necessary authorities. Here notification is frequently via Jobcentre Plus ⁽⁷⁰⁾, although trades unions can also provide early notice.

The second formal route is via redundancy network groups. In each county in the Eastern Region, a consortium of institutions provides early warning about restructuring enterprises and comprises institutions through which support can be coordinated, such as local authority employment development officers, Business Link, Jobcentre Plus and Nextstep, information and advice services for adults. A third formal route is through skills brokers working with Business Link ⁽⁷¹⁾ who advise local companies on a daily basis, in synergy with R2R services and other business support organisations, such as sector skills councils, local chambers of commerce and the Small Businesses Federation.

In supporting businesses making redundancies, R2R aims, first, at reaching businesses as quickly as possible, since early intervention is necessary to manage change adequately and minimise the negative effects on businesses and their staff. Second, the service aims to engage with those least able or willing to provide any kind of transition support to their employees, in particular small and medium-sized enterprises and micro-enterprises.

Contacts with employers are always handled with considerable sensitivity, depending, for example, on the extent to which information regarding redundancies is in the public domain. In addition to the formal routes, half of all the enterprises that receive support use informal information channels; some have found out about R2R through web-searches, word of mouth contacts and

⁽⁶⁸⁾ In terms of size, about 5% of the companies employ 10 employees or less, 20% employ 11-49 employees, over half (53%) employ 50-249 and 22% employ 250 or more. Reflecting the wide-ranging nature of the economic downturn in respect to areas of business activity, a quarter (24%) of companies are (or were) primarily engaged in manufacturing; 13% in professional, scientific and technical activities; 13% in the wholesale and retail trade; 9% in administration and support services and 6% in construction. For further details see: <http://www.tchc.net>. [cited 17.5.2010].

⁽⁶⁹⁾ For further details see: Advisory Conciliation and Arbitration Service (ACAS) good practice guidance: http://www.acas.org.uk/media/pdf/a/3/B08_1.pdf [cited 17.5.2010].

⁽⁷⁰⁾ For further details see: www.jobcentreplus.gov.uk/JCP/index.html [cited 17.5.2010].

⁽⁷¹⁾ For further details see: www.businesslink.gov.uk/east [cited 17.5.2010].

through referral from other agencies⁽⁷²⁾ involved in careers advice. At the outset, an R2R liaison officer usually meets managers and HR executives to discuss the business needs and circumstances. Information is secured on numbers of staff likely to be made redundant, the timing of redundancies, and any business support needs, with potential referral to Train to Gain or services supporting enterprises' continuing training activities. To enable socially responsible restructuring, the amount and type of support will depend on circumstances. A staged plan, appropriate both for the employer and the employees being made redundant, forms the basis for the R2R contract with the employer.

To take the programme forward, the liaison officer provides the employer with a choice of potential career guidance providers, considering the location and specific needs of the company, in particular, sectoral expertise and support required by certain types of employees. The benefits of participating in the programme are clearly explained, including guidance to comply with statutory obligations, change management support (including ongoing business help and support for the remaining workforce), financial benefits (low-cost subsidised services) and measures that will gain goodwill among remaining and leaving employees, as well as in the wider community.

The career guidance offer comprises two main elements. First, an individual guidance session is held at a time to suit the employer and staff member, delivered onsite or at a convenient place, at which available options are discussed (training, job search and career change, as well as the possibility of self-employment). This results in a realistic action plan and signposting to relevant organisations if needed⁽⁷³⁾. Second, a suite of workshops is provided on job search, applications and interview techniques. Career guidance, delivered individually or in groups, helps identify individual training needs linked to future career goals. In some cases training needs may be met through Train to Gain or other funding⁽⁷⁴⁾.

In the past, R2R have attempted to provide a substantive brokerage service for individuals to help them fund courses and programmes they may be interested in. However, this was found to be time-consuming and unproductive in the cases of individuals who changed their minds. Given available databases of courses and the website and telephone support services provided by the national

⁽⁷²⁾ For further details see: <http://www.nextstepeastofengland.org.uk>. [cited 17.5.2010].

⁽⁷³⁾ For example see: <http://www.newlifenet.co.uk> [cited 17.5.2010].

⁽⁷⁴⁾ However, R2R can support training leading to an NVQ Level 2 or a full NVQ or above, although this is discretionary. In circumstances where the training is more than the amount R2R will fund, individuals or their employers can cover the difference. In addition, where an individual funds the difference for a non-NVQ course, they can recover up to GBP 500 if they are back in work within three months of completing it and the skills gained are relevant to the job.

careers advice service (formerly learndirect) ⁽⁷⁵⁾, this service is no longer required. Generally, with tailored support, adults are reasonably adept at sourcing courses in which they might be interested.

A diverse range of training opportunities is taken-up by staff, through short, longer courses and e-learning. Data for 2009 suggest that just under a third (31%) of the training is in information and communications technology (ICT) and just under a quarter (21%) in plant and machinery operation (e.g. fork-lift truck driving) or specific trades. Other areas include customer service, design, education, finances, health and safety, professional skills development, sales, scientific and technical activities.

6.14.3. Impact and effects

The main impacts of effective career guidance on affected workers within R2R, these included increasing confidence and willingness to act, raising aspirations and ensuring realism of career plans, including knowledge of labour market information. In the work with lower-skilled employees, it is crucial to overcome quickly individuals' concerns and fears and to focus on their present skills and experience, taking stock of where they are and retraining if necessary.

Recent evaluation research has indicated high levels of satisfaction with selected training which reflects on the advice and support provided. In 2008, the East of England Development Agency undertook an evaluation on the effectiveness of R2R in responding to redundancies, through beneficiary feedback, telephone survey, questionnaires, focus group sessions and interviews. This shows that 55.4% of beneficiaries questioned went on to full-time employment, 8.5% to part-time employment and 5.5% to self-employment, giving a total of just under seven in ten (69.3%) with positive employment outcomes. Unfortunately, longer-term follow-up studies have not been undertaken although independent research ⁽⁷⁶⁾ is positive about its likely benefits and the synergy with the Beyond 2010 initiative.

6.14.4. Innovation and effectiveness

The following factors contribute to the effectiveness of the R2R programme:

- (a) it is a clear and uncomplicated offer, easy to sell in to companies and employees;
- (b) the support is available at time of notification of redundancies;

⁽⁷⁵⁾ For further details see: <http://careersadvice.direct.gov.uk/> [cited 17.5.2010].

⁽⁷⁶⁾ Tepper, S.; Esser, P.; Quail, N. (2009). East of England Development Agency: beyond 2010 interim evaluation employer survey. See: www.versa.uk.com [cited 17.5.2010].

- (c) the services provided to employees links career guidance to funding for training and up-skilling to enable individuals to compete in the market-place;
- (d) the timing and open-ended nature of the support may mean that individuals who were previously resistant to training might be more willing to take it up at this point of transition;
- (e) the same funding and support is available to all members of staff and there is no differentiation in support between different grades and staff categories (as is frequently the case with private outsourcing provision programmes).

To raise the awareness of R2R, the project has engaged with local media (including radio and TV) and proactive marketing, through a series of workshops for companies on Managing through difficult times that help employers to manage their businesses more effectively, including work with the supply chain.

In terms of future developments, R2R increasingly will work with the Beyond 2010 initiative in the Eastern Region, focusing on strategically important sectors (such as automotive, creative and financial services, low carbon and sustainable technologies, tourism and Olympics 2012). This is likely to require the further development of skills of career guidance practitioners in delivering support to a wide range of sectors, at all levels of the workforce.

6.15. ReAct, UK (CASE STUDY 15)

6.15.1. Background and context

Although the past 10 years have been regarded as a successful period for many aspects of the Welsh economy, restructuring processes in many enterprises have intensified. A concern over the past decade has been lost jobs in manufacturing, in many cases seen as the replacement for coal and steel jobs, but now facing intense competition from eastern Europe, the Far East and elsewhere. The aftermath of the financial crisis has made the labour market situation even more challenging.

The Welsh Assembly Government, the devolved administration, has developed with partners too flag-ship schemes. The first of these, ProAct⁽⁷⁷⁾, helps businesses to retain skilled staff who might otherwise be made redundant; it provides support to meet training costs and wage subsidy for employees during training. The second and complementary programme, 'ReAct', is the subject of

⁽⁷⁷⁾ For further information see:
<http://fs4b.wales.gov.uk/bdotg/action/detail?site=230&r.s=sl&r.lc=en&type=RESOURCES&itmId=5001458395> [cited 17.5.2010] and
<http://wales.gov.uk/topics/educationandskills/foremployers/proact/?lang=en> [cited 17.5.2010].

this case study ⁽⁷⁸⁾ and aims at delivering a rapid response to mitigate the effects of redundancies.

The Redundancy Action Scheme (ReAct) supports people living in Wales who are facing dismissal, as well as employers which are downsizing their business. Funded through a combination of European Social Fund (ESF) and Welsh Assembly Government funding, ReAct is available to individuals who have been made redundant within the previous six months, or who are at risk of redundancy, having been served notice.

6.15.2. Restructuring and job losses

The aim of ReAct is 'to prevent long-term unemployment by providing pathways to employment for those recently or about to become unemployed', with a specific focus on those aged over 25. The programme offers financial support to assist individuals through four main funding streams:

- (a) a discretionary grant covering 100% of the costs of individual vocational training requirements up to a maximum of GBP 2 500. Individuals can be trained while they are job hunting and get the skills they would need, even if they plan to become self-employed eventually;
- (b) an extra support award, up to GBP 1 000, to assist with costs associated with training, such as travel, accommodation, childcare and books, with the aim of removing eventual barriers that could stop individuals from getting the training they need;
- (c) the employer recruitment subsidy, up to GBP 2 080 ⁽⁷⁹⁾, is paid directly to employers as a contribution towards wage costs. This is publicised to individuals through the ReAct website as follows, 'if you prefer to find work first and be retrained "on-the-job" by your employer, we will contribute up to GBP 2 080 towards your wages';
- (d) The employer training subsidy covers up to 70% of the costs of a new recruit's job-related training, up to a maximum of GBP 1 000, paid directly to employers ⁽⁸⁰⁾.

⁽⁷⁸⁾ For further information see:
<http://wales.gov.uk/topics/educationandskills/learners/worklearning/gettingbacktowork/redundancyaction/what/?lang=en> [cited 17.5.2010].

⁽⁷⁹⁾ The payment is made over four stages from 13 to 52 weeks after starting, with employer training subsidy only being available if the employee 'is still working and making satisfactory progress towards completing the agreed training'.

⁽⁸⁰⁾ Between October 2008 and mid-November 2009, some 11 285 individuals and 1 063 companies were supported through ReAct. The cost of the vocational training delivered was over GBP 10 million, with the expenditure on wage subsidies and employer training being much smaller – just over GBP 649 600 and GBP 39 611 respectively.

6.15.3. Restructuring practice

There is a range of ways that ReAct can get to hear of redundancies in enterprises. As in other parts of the UK, statutory procedure ⁽⁸¹⁾ require enterprises to provide advance notification if twenty or more employees are to be made redundant. Notification is to the Secretary of State for the Department for Business Innovation and Skills who provides necessary information to Jobcentre Plus in Wales. In the case of smaller scale redundancies, information is mostly gained through regular contact with employers (through Business Connect, Careers Wales employer liaison officers and Department of Economy and Transport relationship managers).

In line with the partnership approach of ReAct, a range of parties are brought together to respond to the situation, meeting with employers, offering presentations to affected employees, individual skills assessments and job-focused training, if not available through any other source. While other programmes available in Wales offer assistance in situations in which large scale redundancies are likely to affect the local labour market, by contrast, ReAct focuses on the individual, rather than the local labour market. It is accessible in situations in which one redundancy arises as well as when large numbers are created, giving equality of opportunity.

Careers Wales is involved in the delivery of ReAct. Alongside the initial awareness raising and advice given, all applications to vocational training financial support must have a Careers Wales action plan attached which clearly identifies the training needed. As well as accessing services face to face, individuals have access to the Careers Wales help-line and website, and can undertake research of training provision through an extensive database of courses.

6.15.4. Impact and effects

In terms of outcomes following participation in ReAct, evaluation data suggests that just over a third (36%) of individuals were unemployed immediately after the end of their chosen training course. However, this figure reduces to two in ten (19%) within six months of completion, with a further 4% entering full-time training and education. Over two-thirds (69%) of the respondents felt the training course funded by ReAct had helped them get a job. In terms of the direct impact on the individual, over three-quarters (78%) felt that it had, at the very least, made quite a lot of difference. Specific areas in which it was believed being involved with ReAct had made a difference included gaining a qualification (68%); added value to a CV (74%); increased individual confidence (53%).

⁽⁸¹⁾ <http://www.insolvency.gov.uk/pdfs/rpforms/hr1.pdf> [cited 17.5.2010].

Further, over nine in ten (94%) of the responses said that training undertaken through ReAct had made them either quite prepared, or very prepared, in relation to their current job.

6.15.5. Innovation and effectiveness

The key areas of effectiveness in the ReAct programme relate to the way career guidance and labour market information support decisions on training, which respond to the needs and expectations of individuals and are relevant to the wider economy. It was indicated that 'around 60%' of applications by individuals for vocational training are broadly building on skills that individuals already have, while 'around 40%' are related to wholly new areas.

The ReAct team monitors both individual applications and patterns in applications for continuing training to ensure that the training sought is going to be current and matches labour market needs.

6.16. Electronics company (CASE STUDY 16)

6.16.1. Background and context

The electronics plant is located in Wales where it has been established for some time. The company is currently part of an international corporation with headquarters outside the EU, having been taken over as a way of expanding its business into Europe. The plant produces electrical and other related products and is essentially an assembly operation, with most components imported from other parts of the multinational structure.

There is currently a medium-sized workforce, most of whom are manual operatives doing light assembly work. They would not necessarily require formal qualifications for the work, but, over time, would have acquired substantial experienced-based skills. There is a fairly even gender balance in the workforce and the average age is around the mid 40s, including staff with relatively long service having started working for the company since it first opened. Trade union membership is relatively high.

6.16.2. Restructuring and job losses

Following a review of the company's operations in Europe, the parent company announced that it was concentrating production for the European market and this would involve the closure of this plant, with all production shifted to another EU Member State. The company is fairly self-contained in terms of its sources of

supply, with most production materials sourced from other parts of the company. As such, the plant closure is unlikely to hit any particular local supplier heavily.

6.16.3. Restructuring practice

The development of the terms of the closure has been largely left to the local plant to decide. There was no existing agreement setting out redundancy terms so the conditions of a severance package had to be agreed from scratch with the main trade union. From these discussions has emerged a severance package that offers enhancements to the statutory minimum, with length of service being taken into account, backed up by an agreed set of support measures. The company initially called for volunteers for redundancy, though there were restrictions on who would eventually be accepted since production has to be maintained during the phased closedown.

To manage the provision of support activities, the company has engaged the services of a private outplacement firm. This firm offers support to staff on what to do next, as well as help with the individual needs of employees in terms of job search. It also provides access to its online services, which offers information and advice to employees. The company also offers what is essentially an internal recruitment agency that puts firms who are looking for new staff in touch with those accessing the outplacement services.

On site, the company has set aside a dedicated room with internet access and relevant literature with open access to staff so that those working on any shift can use it. However, given the nature of the production process in this firm, most use of the facilities is likely to be in normal breaks, though managers are expected to be sympathetic to allowing staff to use the room during any downtime.

The company is also offering various activities to try to consolidate or refresh the skills and experience of the soon-to-be-displaced staff. For example, there will be health and safety refresher courses. In addition efforts are being made to allow all staff to complete a national vocational qualification (NVQ) Level 2 in manufacturing operations so that they will have a portable, nationally recognised qualification when they leave that reflects their experience. The NVQ process allows the accumulation of units towards qualification based on the completion of a portfolio confirming the knowledge and experience needed; this is a substantial task for the employees but could have dividends on the external jobs market. The company IT department is also offering training sessions to all employees who feel they need basic IT skills or need to refresh their existing ones; this means they can make full access of the range of online support available.

The company has publicised opportunities for displaced staff to relocate to the plant, in another EU Member State, that is taking over production but there has

been no real interest in this. The significant change in language and culture that this would involve are seen as reasons. To inform other employers about the available supply of workers from the plant, the Human Resources Manager has contacted other local companies giving information about the staff soon to be available, though it is too early in the process to assess how successful this has been. The HRM will also use membership of the Chartered Institute of Personnel and Development (CIPD) – the professional body for those in human resources – to address local groups and meetings to inform them about the displaced staff at the plant.

6.16.4. Cooperation and external capacity

Support from ReAct was available to workers for training in skills that will help find an alternative job or become self-employed (see Case study 15). There is also an opportunity for those moving into another job to receive a training allowance to acquire the skills needed by their new employer. The company has started to work with Careers Wales on providing one-to-one interviews, which are held on site and are very much about exploring the options available and drawing up an initial individual action plan. One of the key issues is to promote a sense of realism of where the future employment opportunities will be in the area. Manufacturing has been badly affected by the current recession and is likely to offer few new jobs. However, one factor working for the employees is that they are drawn from a wide area and so they are being encouraged to seek opportunities in the wider labour market.

6.16.5. Impact and effects

Because this particular plant closure is phased over a long period, it is too early to make any assessment of the impact and effects of the support offered. However, the long period of notice, coupled with the array of support services, has given the staff a more relaxed run up to their displacement. This should provide ample opportunity for employees to make a thorough assessment of the future prospects, using the support services, and do some training to assist the transition. There is the danger in this long lead time that staff may become complacent and may tend to put off any real decision-making until the latter stages of their notice period. However, this can be assuaged by the support services acting early and thereafter monitoring the progress of individual clients. Early indications show that seeking a change of career is popular with some employees, with some seriously looking at non-manufacturing sectors such as health care, under the influence of information from the outplacement services provider. There have already been some requests for early retirement.

6.16.6. Innovation and effectiveness

The company is a relatively self-contained operation and so much of its efforts in the phased closure period will be focused on helping individual members of staff rather than taking into account any wider community or social objectives.

The long period of the phased rundown of the plant is being used by the employer to develop an array of support activities for the displaced staff. In particular, it has recognised the importance of giving staff recognition of their experience in production manufacturing that has some currency in the external labour market. The NVQ approach available in the UK generally, allows the recognition of this experience though it does need time to be able to accumulate the information necessary for the qualifications portfolio and to fill any obvious gaps with training. This has been supplemented by internal training in basic IT skills for those that need them and health and safety certification; all will be potentially helpful in the labour market.

The company has also engaged the external agencies as early as possible to start the support programme, There is a mix of a private outplacement provider (paid for by the company) and public sector providers in the form of Jobcentre Plus, Careers Wales and the Department for Work and Pensions, with some funding directly available through the Welsh ReAct scheme. It makes for a strong mix of support services, though with the added requirement that the company must try to manage the different agencies so that services complement each other rather than compete. So far, this appears to be working satisfactorily.

7. Key issues and implications

This study aimed at better understanding socially responsible restructuring practices, at a time of deep recession in Europe, with enduring effects on unemployment. The focus of the review was on how employers, on their own and with partner agencies, harness career guidance in helping with the reintegration of workers into employment, thus contributing to socially-responsible practice. The assessment has not been comprehensive across Europe but has generated considerable evidence and preliminary conclusions on:

- (a) contrasts and diversity in regional and national responses and innovations;
- (b) comparative practices by restructuring enterprises in diverse labour market circumstances;
- (c) effective support for vulnerable workers and the role of career guidance in socially responsible practice;
- (d) emerging implications for shaping effective strategies and policies, and their wider transferability.

The conclusions seek to stimulate wider debate on socially responsible restructuring and support strategies for redundant workers, and suggest ways in which research could address some of the evidence gaps that remain.

7.1. Regional and national responses and innovations

The review has painted a picture of diverse practice on career guidance to support enterprise restructuring. Contrasts identified reflect some enterprise specific characteristics, as well as much wider differences in Member States in maturity of legislative and industrial relations practice, as well as the capacity and professionalism of career advice and guidance to adults in employment or seeking a job. Job losses caused by company restructuring are also themselves highly varied in their circumstances, scale and significance. Such contrasts change the context, and sometimes the level, of intervention and publicly funded support available to displaced workers.

Quality and maturity of enterprise arrangements are affected greatly by the variable starting points for different countries, in terms of the capacity and professionalism of career advice and guidance to adults in employment. Limited guidance provision may be a significant constraint, where there is little or no tradition of enterprises supporting the employability and lifelong learning of their

employees. This is particularly so in some of the newer Member States, where the necessary policy impetus and services (Cedefop, Walsh and Parsons, 2005) have developed relatively late. This is not to say that publicly funded mainstream services are absent, since there is evidence of significant interest and investment, in developing career guidance through programmes such as the ESF, as part of wider VET development or reform programmes. Elsewhere, with some important exceptions, the range of guidance intervention in restructuring situations depends largely on services covered by local and regional schemes, rapid reaction programmes, and differences in PES and other organisations' capacity to provide adequate support to adults in employment, in the particular context of restructuring enterprises.

The review has shown that Member States vary greatly in the way they support workers, though there is increased interest in active labour measures and the development of flexicurity which potentially can support restructuring processes, as acknowledged also by recent European Commission research (European Commission, 2009c). The present review suggests most 'better practice' is provided through partnerships with external bodies and is predominantly publicly-funded. Consequently, where restructuring occurs in Member States where publicly-funded adult counselling and career related guidance has struggled to develop, this can leave employees caught up in circumstances which are beyond enterprises' capacity, or willingness, to address the needs of laid-off workers. Some Member States have a long way to go to develop more integrated and all-age guidance to support, and empower, citizens in their life and work choices.

Across the oldest Member States (EU-15) there is recognition that socially responsible practice requires some 'safety net' for employees being made redundant, with the scope and content of these varying, often greatly, between countries. If there is a consensus that safety nets are a necessary feature, there is no common view of what role guidance should play within this. Certain statutory arrangements may impair career guidance interventions, for example with minimum statutory notification periods shortening in a number of countries. Training subsidies and vocational training support seem to be the most common area of standardised entitlement. However, these may have limited choice for individuals affected and do not always support sustained individual abilities to manage their careers, which public policy is often keen to encourage.

Where it exists in the reviewed countries, minimum service level for careers information and related guidance services stems less from regulatory provision for safety nets than from previously negotiated collective agreements for restructuring or job displacement. These emphasise active measures aimed at

‘work security’ over ‘assisted leaving’. However, assisted leaving seems to be the more common model across the reviewed countries other than in the Nordic countries and in Germany. Away from compensation for job loss and assisted leaving, work security measures insist on enterprise responsibility for adjustment, often over a continuing period of support to at-risk employees. However, these are certainly not the dominant model for restructuring in Europe; such approaches may be uncommon in some sectors and among SMEs. These are, nonetheless, important areas of innovation in harnessing guidance to support socially responsible practice. While important, and potentially transferable widely, these arrangements, even with multi-national European companies, seem rarely to cross national boundaries.

Elsewhere, arrangements for career guidance support in restructuring seem to be characteristically short term and reactive, before or during the restructuring process itself. Direct counselling and guidance support to employees tend to be limited to short term outplacement, usually within some obligatory notice period. Such counselling and guidance is often dependant on standard PES services and not on any specialist provision set up for redundancy situations, except with some local area rapid response arrangements; even here provision may lack personalisation. It seems that PES career guidance capacity continues to be strongly oriented to meeting the needs of the unemployed, with limited orientation to employees anticipating job loss. Differentiation of PES services is uncommon in any of the members states looked at in this review and this may not serve the needs of displaced workers well.

The review goes further to suggest that beyond often limited national or regional safety nets, much of the use of career guidance as an active measure in managing restructuring seems to be peripheral or discretionary.

7.2. Evolving organisation practices

The most important evidence source for this review has been from within enterprises, with just over a third of those identified willing to contribute as case studies. Many felt that even past ‘better practice’ remained highly sensitive, particularly in the current economic climate. At times of recession, or slow emergence from the economic downturn, this caution is perhaps understandable, particularly where globally-recognised brands and corporate prestige may be involved. However, this reluctance restricts the breadth of this assessment.

From the case studies, a number of cross-cutting issues emerge for understanding the enablers, in engaging career guidance in the support of those at risk of job loss from restructuring.

Preparation for socially responsible practices to support future restructuring needs of enterprises, seems to be limited; where this occurs it is rooted in wider bargaining traditions that do not customarily cross national boundaries. Although the evidence from the review in this respect is limited, it seems that better practices applied by a specific multi-national enterprise in one country, do not usually translate into front-line support in plants of the same enterprise in another country.

Enterprise proactivity, beyond meeting minimum statutory requirements, seems to be atypical, especially for socially responsible career guidance practices. There are important exceptions, notably for some enterprises in Germany and Sweden. In the latter, in contrast to other national contexts in much of Europe, this stems partly from the limited role of the PES in restructuring processes since the mid 1990s, beyond some statutory notification. The adjustment to restructuring is seen to fall with the social partners, but proactive arrangements are discretionary.

A further model for proactive responses is the transfer company arrangements in Germany. However, here too these arrangements and the use of effective career guidance support within them are not universal and rarely covered employees from SMEs.

Where there were proactive arrangements by enterprises, invariably as a result of social partner negotiations, guidance and associated support services are typically more intensive and usually rely heavily on specialist contractors. For transition or transfer companies and other intermediary agencies, having in-depth knowledge of current and likely future requirements in local, regional and, sometimes, national and European labour markets is an essential success factor. This requires active research and analysis, working with companies to gain 'real-time' understanding of where job opportunities are, and not just second-hand knowledge of trends data.

In both proactive and reactive responses by enterprises in restructuring situations, most adjustment is undertaken in partnership with external bodies including PES, fully or partly publicly-funded. These are important features of services that go beyond enterprises' capacities, and contribute to cost-effectiveness in provision by harnessing the mainstream services, resources and expertise of core public agencies. Success factors of such collaborations, with PES and with other external services and suppliers, include sound preparation and planning to build clear working arrangements, and clarity in roles and

responsibilities. Even where there is little or no development ahead of restructuring, guidance-delivery partnerships need strong leadership, cohesion, and clear synergies, and are best integrated by a client-centred approach to delivery.

Guidance-based cooperations also need robust task management to support effective timing, flexibility, quality and responsiveness, which can be critical to career guidance interventions in restructuring situations. Interagency cooperation, including multiple sub-contractors and service suppliers, is an important requirement for operating rapid-reaction responses where established negotiated arrangements, through social dialogue, do not exist.

External cooperation seems to be essential to effective provision and socially responsible practice, but it also brings its own challenges. The quality and relevance of effective information and customer relationship management (CRM) systems emerge as crucial in harmonising the support to displaced workers at different stages and avoiding possible confusion, duplication and even contradictory advice, being given by agencies working with the same individuals.

7.3. The role of career guidance in socially responsible practice

Against this background, understanding the role of career guidance, and its effectiveness, in supporting socially responsible restructuring of enterprises presents substantial challenges. This is partly because the idea is relatively novel and there is no observed consensus on what socially responsible practice constitutes. The need to develop both public policy and practice in respect to career guidance has increasingly been recognised as a labour market and social policy measure. There seem to be encouraging developments aimed at a more socially responsible approach to restructuring, beyond compliance with minimum statutory requirements, now gaining currency in policy terms in Europe. This remains an often embryonic development With common threads emerging for what might constitute socially responsible practice. Ideally, this would combine an early and preventative focus on job protection or 'flexicurity' to minimise, defer or avoid altogether permanent job losses; where lay-offs are involved, both internal and external adjustments should support those at risk.

Job protection goes beyond remedial financial support and requires imaginative, open and advance 'early warning' systems already being put in place, combined with periods of advance notification which are likely to be rather longer than those common in Member States. A focus on job protection within

restructuring may go against securing optimum early cost-savings but will appeal to enterprises keen to retain their skills base, and their commitment and motivation, to take speedy advantage of better times, and to reduce medium-term costs such as severance and compensation packages. The review suggests that job protection will be aided by any existing arrangements established for flexicurity at the workplace, including training and guidance to enhance transferability in the workforce. Enhancing job security will require anticipated changes in work organisation.

Beyond prevention, social responsibility in restructuring will cover what we have referred to as 'guidance plus' methods of support for those being made redundant and at risk of unemployment. This is likely to involve vocational training for those in redundant posts or activities to optimise their chances of securing other work in the company, or externally, where the training is most likely to be geared to realistic opportunities for re-employment and including enterprise start-up. Training effectiveness calls on integrated guidance support, including competence assessment and counselling. Where early retirement is chosen, a range of other guidance-related support is needed, geared to life changes as much as employment transitions.

In these circumstances, more outward looking external adjustments may then become more of an offer of last, rather than first, resort to support 'surplus' labour. However, this is set to place a premium on enterprise management, and social partnership, structures which can work towards anticipating the consequences of restructuring. Even where this takes place there may still be a call on external adjustments, emphasising support for re-engagement with the labour market and education and training, variously involving outplacement and assisted by brokerage, often in combination with external agencies or suppliers.

The case study evidence suggests socially responsible practice would be about broadening the range of guidance-related support and modes of delivery, personalising the support, ensuring it taps robust employment understanding and relationships, and providing for appropriate periods of support, with some continuity after redundancy and after care. It is also often about effective and responsive partnership.

One way of looking at socially responsible restructuring is to classify different adjustment responses and to set out a typology of practice, as Figure 1 cautiously attempts to do. It suggests that enterprises responding to restructuring, within different national contexts of legislative requirements and safety nets, will do so in one of four generalised patterns of response: compliance, compliance plus, cooperative and transitional.

In compliance-driven adjustment, the enterprise focus is on ensuring that its provisions for lay-offs meet national statutory and sectoral requirements. Support to redundant workers rarely goes beyond minimum requirements. Job protection methods are unlikely to be involved, rarely involving guidance-related support. Instead the emphasis will be on appropriate notification processes and probably minimum levels of compensation, and any required referral to public agencies.

'Compliance plus' adjustment may go a little further in compensation or support arrangements, but here the main motive is likely to be not with the at-risk employees but on establishing an environment for the lay-offs which sustains employee motivation among survivors and employee relations. Compliance and compliance plus adjustments do not conform to socially responsible practice in restructuring.

Cooperative arrangements are seen to adopt a socially responsible focus through an essentially community-centred emphasis. Job protection methods may be a feature of this but the main emphasis is likely to be on assisted leaving, with extended processes for both skills-related support and integrated guidance to those losing their jobs. Public sector funding of the extended activities is an important ingredient but there may be limited focus on personalised approaches or delivery.

Transitional adjustment is distinguished from other arrangements by combining preventive measures with internal adjustment; external adjustments (of surplus labour) are likely to be a last step in restructuring. Existing arrangements are likely to underpin both the provision made and also the way in which it is resourced. Various combinations of practice will be involved, but with guidance measures and personalisation a strong and embedded feature of delivery. The underlying emphasis is not with assisted leaving but on support of workers to empower their transitions, within the restructuring enterprise and outside, and for that skill and knowledge to have some sustainable value to individuals. Measures are likely to be wholly or largely funded by existing arrangements.

Table 1. **A typology for restructuring interventions and employment management**

Type of restructuring	Key focus for adjustment	Indicative practice	Examples from review
Compliance (local/plant/company)	Ensuring that provisions for lay-offs meet national and statutory requirements.	<ul style="list-style-type: none"> • Company led – with provisions rarely going beyond minimum requirements – company funded • Likely to provide guaranteed periods of notice, required declaration or referral to PES, severance pay or compensation in lieu of earnings. 	<ul style="list-style-type: none"> • Widespread minimum practice. • No examples cited, since it was not the focus of this review.
Compliance Plus (local/plant/company)	<p>Providing for a prior negotiated or situationally agreed package of mainly compensatory support for lay-offs with enhanced provisions from minimum requirements (statutory, national or sectoral).</p> <p>Enhancements may be to severance pay, and will probably include some low-cost and short-term measures to aid skills development and job search, but usually not including structured outplacement or related support.</p>	<ul style="list-style-type: none"> • Company-led with trade union engagement, and company funded. • Primary aim of the company is to avoid labour disharmony and protect positive employee relations environment. • Emphasis on employee options for reallocation to other work or location, plus 'protected' early retirement and voluntary redundancy, with enhanced severance terms for volunteers. • Outplacement and related support may be provided to inform voluntary redundancy decisions, but often limited to managers and professionals. • Main emphasis on compensation and compensation-assisted leaving. • Limited or no support for reintegration in the external labour market. 	<ul style="list-style-type: none"> • Widespread practice in enterprises with robust employee representation and bargaining covering adjustment situations. No examples cited, since it was not the focus of this review.
Cooperative (Company/Area/Region)	<p>A 'community' focus on socially responsible practice which combines compliance adjustments by restructuring enterprises with enhanced support through mainly externally coordinated and funded interventions.</p> <p>These are usually cross-firm and cross-sector initiatives at regional or sub-regional level, supporting companies and supply-chains affected by lay-offs and aim to reduce significant social and economic disruption to the community and local labour market.</p>	<ul style="list-style-type: none"> • Mostly led by government agencies in cooperation with social partners, wholly or predominantly publicly funded. • Proactive and reactive 'rapid reaction' and related responses. • Additional to company severance to provide brokerage, training and other forms of support to individuals to help reintegration to work. • Probably a packaged solution within fixed maximum costs and limited choice for individuals. • Short-term support with limited differentiation for vulnerable or other needs groups. • Emphasis on assisted leaving but with limited personalisation of support. 	<ul style="list-style-type: none"> • Energo Mont (Slovenia) • Better West Midlands (England) • GKN (England) • R2R regional adjustment (England) • Siemens (Scotland) – PACE Anglesey Aluminium (Wales)

Transitional (Local/plant/com pany)	<p>An enterprise level focus on socially responsible practice combining preventative and usually preplanned support to those at risk of lay-offs.</p>	<ul style="list-style-type: none"> • Proactive and anticipated development of broad packages of support by enterprise to emphasise reintegration to work and not compensation for job loss. • Likely to involve social partners and may involve joint leadership. • May involve public funding – arrangements not dependent on this. • Likely to involve a range of longer-term measures for support and 'after-care' of at risk employees. • Job protection plus career guidance support with embedded personalisation and choice for employees. • Personalisation likely to be led by one- to-one assessment with subsequent customisation of support. • May involve significant PES inputs and partnership • Substantial company investments in the support costs, which may be partly compensated by public agencies. • The focus is on 'blended' support to aid review of realistic career expectations, training, continuing review, job search with active brokerage, etc. 	<ul style="list-style-type: none"> • Autovision (Germany) • BenQ Mobile (Germany) • Karman (Germany) • Siemens BeE (Germany) • Swedbank (Latvia) • Teliasonera (Finland) • Volvo (Sweden)
	<p>These are wholly or substantially funded by the restructuring enterprise, where also tapping external funds for restructuring (or PES services) these remain led within an enterprise-level approach.</p>		
	<p>The focus is on a welfare- oriented approach to assisted job security through a recognised corporate social responsibility to help individuals in developing their own employability and reintegration to make sustainable transitions</p>		

This typology is presented here tentatively and as a basis for further review. It aims to provide a framework for understanding different enterprise responses and how they articulate with broad principles of socially responsible practice, as well as more specifically what practices may be involved in guidance-related support. In particular, the study research cautions about how to apply the gathered evidence to wider circumstances and emerging policy issues. The transferability of these restructuring approaches to often very different national and company circumstances remains unclear.

The lack of useful impact evidence is well known to those seeking to demonstrate the efficacy of career guidance interventions more generally. However, the lack of wider impact evidence seems more acute when looking at socially responsible practices in enterprise restructuring, especially for the contribution made by different career guidance activities supporting displaced workers. This stems partly from the general lack of tracking of displaced workers as they move from the lost job into the wider labour market. In most situations, this lack of impact evidence reflects the often very short time span that such support was available for many employees. The notable exception seems to be in Sweden where 'flexicurity' arrangements and empirical evidence on the effectiveness of these processes is relatively rich, including for the role of the job security councils. There is also some evidence of unanticipated knock-on impacts for enterprises such as the confidence given by preplanned arrangements for the 'surviving' workforce.

Any impact evidence collated from rapid reaction programmes seems to be related to very short term outcomes for displaced workers, often at the end of a defined short period of support such as guidance or self-employment workshops. The risk of deadweight effects also seem to be overlooked in favour of more immediate measures and outputs. Opportunities for establishing impact assessment into programme funding or contractor delivery and monitoring seem to have been neglected. A similar concern might be applied to monitoring activity within PES. Here, there is little evidence from this review that clients coming from local redundancies are classified separately and consequently monitoring has not been tapped to isolate the effects of PES support in restructuring situations. The impact evidence provides little information about the relative effectiveness of different measures, applied in different enterprise, sectoral and national contexts, and, as far as this review can demonstrate, none at all at how this affects enduring employability among displaced workers. In this context it would be premature to make robust judgements about the effectiveness of current practices. This presents policy-makers, including national and European social partners with a dilemma: the absence of evidence on effectiveness may be

holding back wider use of more socially responsible practice, but without wider application (and a willingness by enterprises and agencies to support more robust assessment) such evidence will continue to prove elusive.

7.4. Supporting vulnerable workers

A particular feature in looking at socially responsible practice is assessing how career guidance is able to support the reintegration of vulnerable groups. Identifying effective practices by enterprises and regional partnerships in this area has been difficult, due to an apparent lack of differentiation of services provided.

Preventive work can be undertaken by companies themselves, for example in identifying employees whose skill levels need raising to avoid their skills becoming redundant and reducing their employability. Second, where needs are assessed, specific arrangements can be made on a restorative basis, in transition periods, to meet the needs of those who are likely to be out of work for some time once displaced. Here initiatives are likely to involve not just career guidance, but associated training, and there are a number of examples in the case studies where such work is being undertaken. Beyond this, the evidence that is available suggests:

- (a) restructuring arrangements can go some way to supporting vulnerable workers effectively where career guidance arrangements make provision for individualised and personalised support;
- (b) individual action plans can also develop employee commitment and motivation, an especially important issue for vulnerable workers who may recognise they are facing substantial challenges of reintegration or who may be easily discouraged by their situation;
- (c) personalisation can also provide distinctive features of support needed for some groups, for example, guiding, advising and training on enterprise start-up;
- (d) while vulnerable groups may be defined as those less likely to be readily absorbed in the labour market, perhaps as a result of skills levels, skills redundancy and age, special attention should be given to longest-serving employees. Here a combination of age, a lack of familiarity with job change and job search, and loss of confidence may compound the effects of reduced competitiveness in the labour market. One-to-one counselling here may play a crucial role in helping individuals develop realistic aspirations and expectations of job search.

What does emerge from the review is that the support arrangements for vulnerable workers may need to be well-resourced, timely and often provided longer term, including in after-care arrangements if they are to be effective. It is clear that the success of outplacement depends heavily on the age, skills and overall employability of the employees, and is only partly mediated by the help received.

7.5. Better practice and transferability

An important feature of comparative research such as this is to look at the scope for transferring better practice in socially responsible adjustment to restructuring. The evidence of better practice within enterprises is not yet strong and there is also limited evidence of the impact of different practices beyond the short term. The review is, nonetheless, able to draw out some cross-cutting issues for effective practice and enablers in achieving more immediate results.

Just as reskilling support will be less effective if not accompanied by career guidance and associated support, then career guidance services within restructuring situations cannot be developed or applied in isolation from related services to support displaced workers. Examples are direct brokerage, intermediary arrangements for work trials, enterprise start-up support and underpinning training and retraining activities that respond to individual circumstances.

Career guidance support will be effective in restructuring situations where it is genuinely client-centred. This calls for strategies where services are rooted in needs-based provision, customised, and stemming from adaptive arrangements for initial and continuing assessment of the circumstances and needs of displaced workers.

Effective practice may harness some group support arrangements for displaced workers, or those at risk of redundancy, but it calls for individualised or 'guidance plus' approaches using counselling and other intensive assessments which accompany these and drive the personalisation of the support offered.

Any group of employees affected by restructuring will not be homogeneous, and effective reintegration of workers to other work will need to respond to different needs and capabilities. This will be supported by arrangements which customise support to individuals to reflect those circumstances. Without this, the additional benefit of the support provided will not be optimised and vulnerable groups may continue to find themselves at greater disadvantage in the labour market.

Career guidance support in restructuring works best where it is based on robust local and occupational labour market information and networks.

Individuals will lack this and practitioners supplying guidance, outplacement and associated brokerage to other work or training will be the key intermediaries in informing more realistic judgments and decision-making. In fast changing labour markets, the currency of labour market information would seem to be vital.

Even the most effective organisational practice profiled in this review works in collaboration with diverse service suppliers. These collaborations between the public and private sector seem to work best where they are anticipated and in circumstances where they draw on continuing relationships both with the internal labour market of affected enterprises and the wider local labour market.

In a situation where what individual enterprises are able to offer may be limited, integration of publicly-funded support through mainstream or other services is crucial to socially responsible practice, within specially developed sectoral or regional support schemes. However, public support is not evenly available across Europe and this is set to be a constraint to socially responsible practices for enterprise restructuring within some of the newer Member States. The quality of such collaborations may also be limited where such services are largely geared to unemployed individuals and not those at risk of unemployment.

While support for displaced workers is characteristically time constrained for career guidance and related interventions, there is evidence that effectiveness is enhanced where it is of a longer duration or where those affected have the opportunity for continuity of support. The 'pool' arrangements for some enterprises in Finland and Sweden are seen to be highly effective in securing sustainable reemployment, and some of the German transfer companies make provision for those supported to be able to return to the available services after re-employment. Having access to such arrangements over a longer period is beneficial for employee choices about securing more sustainable work.

A final issue for effective strategies is the extent to which enterprises anticipate the likely future needs for services to support socially responsible practice. Previously arranged 'minimum' levels of support cover notification, referral and financial arrangements between social partners for redundancy at company or plant level. This is less common with career guidance related support. Effective practice seems to call for proactivity by social partners in this area, as in the case of the Scandinavian and German case studies but rarely elsewhere.

The review suggests that these issues cannot be isolated and decisions on planning and practice will cut across each of these areas.

7.5.1. Need for more systematic evidence

The review has gone a long way towards producing a state-of-the-art assessment of how career guidance contributes to supporting displaced workers in enterprise restructuring. It has presented practices that can be seen as effective and innovative, and also highlighted the limits of current understanding and knowledge. Nonetheless, evidence gaps remain considerable and this remains a provisional assessment of socially responsible practices.

This review should be seen as a starting point for understanding this complex area of enterprise and partnership practice. It suggests an overriding need for more systematic evidence.

Longitudinal evidence is missing on how career guidance activities have supported decision-making and the behaviour of displaced workers beyond the short-term. This reflects the likelihood that quality of 'new' jobs will be dictated by experiences over time. Only then will displaced workers also be able to start to reflect on the contributions of support to their enduring employability.

Routine impact evidence is often limited and there would seem to be scope for stronger impact evidence in service delivery, including tracking of supported displaced workers. Such approaches are presently limited besides very short-term operational targets on participation and levels of service. A more effective and robust approach to assessing impact and providing for post-support tracking of clients could be considered where public funds are involved, since the evidence generated could play an important role in informing restructuring policies and strategies and its regional and national efficiency.

Similar challenges are offered where European level funds and programmes are also harnessed to support enterprise restructuring, in single employers and supply chains. Here existing requirements for project evaluation could be usefully extended to collecting robust impact evidence as well as for evaluating issues such as added-value of different adjustment measures and displacement effects, on which there is currently very little evidence available. Standardised arrangements would also ensure this was consistent across Member States.

Across all these areas covered by this review there may be value considering transferability and sustainability of practices, as well as the initial and subsequent training needs of career guidance and other practitioners who support social partners in developing socially responsible strategies for enterprise restructuring. The present review contributes to raising understanding and awareness of what socially responsible contributions can be made at local level and the barriers to be removed, thus encouraging wider engagement of social partners and public authorities in taking forward these emerging issues.

Glossary of selected terms

American Conference Board – is an organisation that represents business interests in the United States.

Career guidance – services and activities intended to assist individuals of any age and at any point throughout their lives, to make educational, training and occupational choices and to manage their careers. Such services may be found in schools, universities and colleges, in training institutions, in public employment services, in the workplace, in the voluntary or community sector and in the private sector. The activities may take place on an individual or group basis and may be face-face or at a distance (including help lines and web-based services). They include career information provision (in print, ICT-based and other forms), assessment and self-assessment tools, counselling interviews, career education programmes (to help individuals develop their self awareness, opportunity awareness, and career management skills), taster programmes (to sample options before choosing them), work search programmes, and transition services.

Career guidance outcomes – taken here to be the impact of guidance services on the skills, knowledge and attitudes which facilitate informed and rational occupational and educational decision-making and achievements.

Career guidance providers – providers of guidance services which, at point of provision, may be found in schools, universities and colleges, in training institutions, in public employment services, in the workplace, in the voluntary or community sector and in the private sector. Different funding routes support different forms and points of provision, within different national traditions and contexts.

CIPD – Chartered Institute of Personnel and Development

Downsizing – reduction of overall workforce size usually at enterprise or establishment level through dynamic measures such as recruitment freezes, internal redeployment (to other sites or functions), voluntary or compulsory redundancy to reduce overall 'head count' (number of employees). This may also be referred to in some corporate restructuring contexts as 'right-sizing'.

EESC – European Economic and Social Committee

EGAF – European Globalisation Adjustment Fund which aims to support workers, mainly in regions and sectors that have been disadvantaged by exposure to the global economy, through funding for reintegration of displaced workers into new work opportunities.

ERM – European Restructuring Monitor which has been set up to review the consequences for employment in Europe of economic restructuring for job creation and job losses in EU Member States and Norway.

ELGPN – the European policy forum for guidance-related practice established in 2007 to support the European Commission and to share and reflect on national practice among Member States and others as the European lifelong guidance policy network.

Employment Protection – measures introduced in, for example, restructuring by regulation or previously determined collective agreement or unilateral responses of enterprises to preserve an optimum level of employment and current employees at the existing workplace.

Enterprise – a legal company or trading organisation which may operate as a single organisation in one country (in one or several sites) or in several countries (as a multi-national enterprise). Enterprises are usually subject to autonomous or quasi-autonomous (if a subsidiary of a larger organisation) decision-making on employee resourcing and related matters.

Enterprise start-up – support (ad hoc and in programmes) to facilitate ‘employees’ and others to develop and implement business plans to start-up new (usually micro) business creation. This typically involves direct grants, interest-free loans or the provision of guarantees including access to start-up or other subsidised premises, and which typically include some form of advice and guidance or entrepreneurial training.

Establishment – a part or division of a larger organisation or enterprise, and where there is little or no autonomy on employee resourcing practices.

ETUC – European Trade Union Confederation

External adjustment – labour resourcing methods focusing on shedding ‘surplus’ labour which, for permanent employees, have traditionally included some form of downsizing, outplacement, mediated job brokerage, career development at work.

Guidance – see career guidance.

Internal adjustment – training, leave schemes, work-time adjustments.

Information advice and guidance – see career guidance.

Job-brokerage – mediated services usually through public employment services or other professional or para-professional support which supports individuals in locating, accessing and applying for specific employment opportunities or vacancies in the labour market.

Job-displacement – the compound employment effects of restructuring at enterprise level which go beyond a reduced workforce in the company initiating these (redundancy and job losses among non-permanent personnel), to include job losses among sub-contractors, suppliers and others, not specifically within the local economy.

Labour resourcing – the collective term used to describe the strategy and practices which underpin enterprise-level recruitment and selection, allocations, organisation, role and skill combinations or white and blue-collar personnel.

Lay-offs – a collective term used to encompass both voluntary and compulsory redundancies for permanent employees and job-losses for non-permanent (e.g. casual staff) due to restructuring, closure or other downsizing initiatives.

Non-permanent employees – employees holding short-term or fixed term contracts of employment or engaged at the workplace through other contracting arrangements limiting employment rights such as sub-contractors, casual staff, agency or bank staff and others.

OECD – Organisation of Economic Cooperation and Development

Out-placement – guidance related services offered on a collective or individual basis to support individual assessment and decision making on alternative external employment and career management.

Permanent employees – employees holding full or part-time contracts of employment (at any occupational level), and subject to employment stability and protection measures from national legislation and national, sectoral or locally negotiated job protection rights.

Redundancy – the formal cessation of some or all employment contracts due to exceptional measures or adjustment by an enterprise, and usually requiring some statutory notification arrangements both to individuals, public employment services or other agencies, and characteristically also to trade unions and works councils. Redundancy terms may be offered on a discretionary basis for ‘volunteers’ (voluntary redundancy), or subject only to enterprise-level determination (compulsory redundancy), usually each having different arrangements, compensation and support available for each type.

Restructuring – a composite term used here to cover restructuring of enterprises or parts of them leading to either full closure of the site, job displacement (e.g. to other parts of the country or other countries) or to restructured activities which involve relatively large-scale job losses.

SME – a small and medium-sized enterprise which is classified in European-level research as employing fewer than 500 employees but with autonomous decision-making and executive management. This may operate at one or more sites. Different national arrangements apply and most Member States define SMEs as being rather smaller in employment levels.

Survivors – the term used here to refer to individuals in restructuring enterprises, or parts of them, that are retained in employment by the same companies.

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ANNEX A

Case studies on socially responsible restructuring

Case study enterprise	Location of restructuring	Main activity	Current employment in enterprise	Redundancies in profile
AutoVision (AV Transfer Company)	Germany	Auto components	7 000	6 000
BenQ Mobile (Train Transfer Company)	Germany	Telecommunications	- (closure)	752
Energomont	Slovakia	Construction/engineering	140	35
GKN Driveline	United Kingdom (England)	Auto components	500	100
Schering-Plough	Ireland	Telecoms products design	1 200	-
Karman (Silberstreif Transfer Company)	Germany	Auto components	3 700	2 300
SwedBank	Latvia	Financial Services	2 830	550
Siemens BeE (Transfer Agency)	Germany	Consumer Electronics	130 000 (410 000 global)	6 500
Teliasonera	Finland	Telecommunications	5 200	910
Angelsey Aluminium	United Kingdom (Wales)	Metal manufacture	480	400
Volvo Cars	Sweden	Automotive R and D and assembly	19 600 (global)	6 000 (global); 1 200 (case study)
Outsourcing company (Anonymous)	United Kingdom (Scotland)	ICT services	510	250
Welsh Manufacturing SME (Anonymous)	United Kingdom (Wales)	High technology manufacturing	Under 150	Plant closure

ANNEX B

Use of external funding by the selected case studies

Case study enterprise	Location	Use of national funding sources	Use of European funding sources
AutoVision (AV Transfer Company)	Germany	Federal labour agency (50% of costs to EUR 2 500 max.)	EGF (& ESF for training & enterprise support)
BenQ Mobile (Train Transfer Company)	Germany	ESF regional funds; ESF-BA	EGF
EnergMont	Slovakia	National Labour Office	-
GKN Driveline	United Kingdom (England)	JC Plus funds and ESF regional	-
Schering-Plough	Ireland	ESF regional	-
Karman (Silberstreif Transfer Company)	Germany	Federal Labour Agency, ESF-BA	EGF (pending)
SwedBank	Latvia	ESF regional	-
Siemens BeE (Transfer Agency)	Germany	Federal Labour Agency (transfer short term working subsidy)	-
Teliasonera	Finland	Finnish Labour Agency (for entrepreneurial training only)	-
Angelsey Aluminium	United Kingdom (Wales)	Welsh Assembly (Re-ACT)	-
Volvo	Sweden	-	-
Outsourcing company (Anonymous)	United Kingdom (Scotland)	ESF regional	-
Welsh Manufacturing SME (Anonymous)	United Kingdom (Wales)	Welsh Assembly ReAct Fund	-

ANNEX C

Innovation and better practice by case study

Case	Innovative practice	What has worked well	Necessary conditions
Autovision (DE)	Existing relations between the employer and the transfer company establish a strong basis for involvement when restructuring occurs.	Financial incentives (the 'mobility premium') paid to displaced staff to encourage early movement into new jobs. All support activities by the transfer company take place at a different location to the work site to help disassociate the worker from the old job.	Regular feedback from the displaced workers through questionnaires and employer and employee representatives on a steering group.
Karmann (DE)	There is an emphasis on individual counselling matched by a customised support package. The company carries out its own regional labour market analysis to inform the information, advice and guidance (IAG) given.	A high level of specialisation among the support staff and individual case loads.	Individual counselling and a customised approach to assessment and delivery.
Siemens (DE)	The internal jobcentre brings together a great deal of experience in recruiting and in the profiles of the displaced employees and has contacts with many enterprises where vacancies might exist.	Using the HR knowledge within the company to provide customised support to individuals Drawing on the extensive network of employer contacts to learn about vacancies and with some firms using the company's internal jobcentre as a recruitment vehicle. Keeping the support from the transfer company in place for up to two years helps ensure placements are as appropriate and socially valid as possible.	Strong internal resources to give IAG and extensive external contacts.
BenQ Mobile (DE)	Peer group discussions involving staff with similar qualifications and in the same jobs. Business start-up counselling supported by a university which developed appropriate software.	Getting staff to discuss their situation and aspirations among their peers provided an effective forum for widening aspirations and bringing a sense of realism to future prospects.	Collaboration with trade unions and PES.

<p>Telia Sonera (FI)</p>	<p>The experience or competence pool that focuses on helping employees move on rather than maximising the financial payoff.</p>	<p>Moving employees facing redundancy to a pool where they receive specialist help to find alternative activities while receiving salary helps ensure a smooth transition from the company. The commitment to an early retirement scheme that offers future support. It has helped create a more harmonious industrial relations atmosphere in the company at a time of change.</p>	<p>An employer willing to offer a support service well beyond its legal obligations and with the resources to put behind it. Support of the trade unions and staff.</p>
<p>Energ Mont (SK)</p>	<p>Provision of in-company careers advice and guidance in collaboration with the public services – a rarity in this Member State.</p>	<p>Collaboration with PES and associated agencies proved to be flexible and effective. The whole process aided morale in the company workforce at a time of uncertainty. There was a more rapid rate of return to work for those participating in the support.</p>	<p>A positive attitude of the company to providing such support is essential, plus a willingness to offer some financial commitment. A flexible and responsive PES with adequate resources to provide customised assistance.</p>
<p>Volvo (SE)</p>	<p>While the ingredients of the special support programme (known as 'right sizing') were not particularly innovative, the scale of the operation in terms of the numbers affected and the support given was.</p>	<p>The training of managers in the company (by external specialists) in the use of the special programme. Staff being made redundant were given long periods of notice (between four and six months) during which they had flexibility in what they wanted to do. Extensive support facilities were available on site – some provided by the external agencies such as the PES.</p>	<p>Substantial resources were needed to fund the support, especially given the scale of the job losses. Trade union support throughout was a requirement in this heavily unionised environment. Services need to be planned as far ahead as possible and coordinated at all times.</p>
<p>PACE (UK)</p>	<p>External coordinated support through partnership with the companies affected by the restructuring.</p>	<p>The early introduction of support services on site helped inform employees of their options and helped dispel any myths about what they might or might not be entitled to and lifted morale in difficult circumstances. Setting up an in-company outplacement resource centre created a very accessible service that employees appreciated (and used).</p>	<p>The availability of a coordinated service locally and regionally that brings together the various support agencies is crucial to effectiveness.</p>

<p>EEDA (UK)</p>	<p>The redundancy support service has been available for some time, but recent efforts at raising its profile have involved media promotion and employer workshops on managing restructuring that will help the support be more widely taken up.</p>	<p>The employer has freedom of choice in selecting a careers advice provider from an approved list. The support available is flexible and not restricted in terms of timing, allowing employees to feel they have time to consider the options. Financial support is available (within limits) to allow employees facing redundancy to retrain or enhance their existing skills.</p>	<p>Employers need to be willing to engage with the support service in good time and provide facilities on site. There needs to be adequate financial backup to allow those facing redundancy to reorient themselves to labour market demand.</p>
<p>Advantage West Midlands (UK)</p>	<p>Regional support framework that delivers embedded careers advice and guidance to redundant/at risk workers in 'in-scope' companies as an enhancement to a nationally funded programme.</p>	<p>Enhancement to longer established 'rapid reaction' support in the region. This has rolled out earlier lessons for socially responsible support developed in the automotive assembly sector, more widely. It offers the opportunity for employees facing redundancy to receive careers advice that would otherwise not be available until they had left the workplace. This is matched to area coordinated and part customised transferable skills training and brokerage support – drawing largely on existing funding sources – more flexibly coordinated.</p>	<p>Good cooperation between employers, regional development agency and programme support contractors is a prerequisite for the support programme to be effective at enterprise level. Integration of provision and eligibility across diverse funding streams ensures a more coordinated offer.</p>
<p>GKN (UK)</p>	<p>The timing of the provision of the support package is the crucial aspect here, coupled with the availability of provision on site during the redundancy notice period and afterwards.</p>	<p>Bringing together the support services of three agencies from the public and private sectors to offer a coordinated and complementary service to the workers facing redundancy. The flexibility in the range of options available including job search preparation, self-employment and training, was a key feature. The transparent and supportive programme for those being made redundant helped foster good relations for those employees still working for the company</p>	<p>An open management with good relations with the trade unions and employee representative groups. Flexible and responsive external services willing to work with a private outplacement organisation.</p>

<p>Anglesey Aluminium (UK)</p>	<p>The key feature of the support provided by this company is its comprehensiveness in terms of all the post-employment options, plus the continuation of support (where required) well after the normal redundancy consultation period has expired.</p>	<p>Setting up a drop-in advice centre on the site has been welcomed by employees who can continue to visit as their plans develop, all backed up by a dedicated website. Inviting a wide range of employers onto the site to hold interviews with staff has been very successful in placing people – locally, nationally and internationally. Making space available in buildings on site to allow those interested in self-employment some sheltered workspace.</p>	<p>A commitment of resources (financial and physical) for outplacement services to complement those available from the public sector.</p>
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ANNEX C

Innovation and better practice by case study (continued)

Case	Barriers and constraints	Aspects of transferability	Future policy implications
Autovision (DE)	Low geographical mobility of workers and their aspirations is a problem but out of the control of the transfer company Anti-discrimination law inhibits the ability of employers to analyse workforce balance.	For the transfer company to work it requires strong collaboration between employer and works council and in firms and Member States without this structure it could be difficult to operate. Transfer companies can be popular with regional governments because they offer a lower cost option for handling the aftermath of restructuring.	Transfer companies need to be regulated through applying standards and benchmarks for them to adhere to.
Karmann (DE)	The transfer provider is not involved in drawing up the 'social plan' that determines the type of service offered or the financial incentives given. There may be a tendency to choose providers of support services on price rather than quality or on the suggestion of the works council. Accessing public funding can be bureaucratic and slow.	The approach is a collaborative one that depends on a high level of involvement from trade unions (through works councils) and a similar system would need to be in place.	The support given by the private transfer company is regarded as better quality and with greater success in placing staff in alternative jobs and training than the PES, suggesting some improvement in standards is needed.
Siemens (DE)	The transfer company may last up to two years but this length of support may dissuade employees from taking up short-term jobs where they could gather experience. The comparatively high level of financial support while on the support programme may make it difficult to accept lesser conditions of work.	This approach works because of the size of the company, its geographical and industrial spread and contacts with other employers and so these would need to be replicated in any similar approach.	The way in which such transfer companies work and their relations with the PES need to be set out – are they complementary activities or substitutive?
BenQ Mobile (DE)	The company closure became politicised leading to interference in the work of the transfer company. The lack of flexibility among the workforce because they were used to a protected environment provided by the company.	For this approach to work well requires the resources of a large company with extensive contacts among other employers.	ESF support was limited because of the generally high qualifications of the workforce, which suggests some greater flexibility is needed to respond to increasing qualifications in the labour force.

Telia Sonera (FI)	<p>The cost of operating the pool is high and under constant review to justify expenditure when set against alternative uses.</p> <p>The duration of operation of the pool could be too long and difficult to stop</p> <p>Some trade unions remain critical of the scheme.</p>	<p>The cost of the scheme requires an enterprise with substantial resources and a social commitment.</p> <p>Transferability may be hampered by different legislative conditions governing, for example, the choice of employees to be made redundant (such as 'last in, first out' principles).</p>	<p>How can national and regional governments encourage this type of approach, and how can the mainstream support services such as the PES work more closely with such schemes?</p>
Energ Mont (SK)	<p>There was no special support for the most vulnerable workers being made redundant.</p>	<p>The approach relies on the majority of support being provided by the PES and related agencies, and so it should be possible to replicate this elsewhere.</p> <p>The company did not have trade union representation, which may have allowed greater flexibility in the support given.</p>	<p>National and regional agencies such as the PES need to be adaptable to the needs and circumstances of companies undergoing restructuring.</p>
Volvo (SE)	<p>The success in placing redundant workers in other jobs will depend on the state of the labour market, which is outside the control of the company.</p>	<p>The approach taken in this company involves the usual array of support services and so, provided the external agencies can meet the challenge (and provided the company concerned has the resources to add to these services), there is no reason why this could not be replicated elsewhere.</p>	<p>The support agencies such as the PES need to be responsive to the needs of the restructuring employers and willing to work with private providers brought in by the company.</p>
PACE (UK)	<p>There may be some variation in the range and quality of external support services available.</p> <p>The restructuring companies need to be receptive to inviting the external agencies on site and in plenty of time to be effective.</p>	<p>The approach in providing a coordinated agency approach is very transferable in situations where the agencies are resourced and structured appropriately.</p>	<p>Resources put into the development of area and regional coordination activities can be highly effective and so should be considered from the broader policy perspective.</p>

ANNEX D

Summary of collective redundancy terms and conditions for selected Member States

Bulgaria

Definitions	Notification	Consultation	Statutory payments
While there is no specific definition of a collective redundancy, the causes are explicitly set out in the relevant legislation and must be conveyed to the employee facing loss of job.	The regular period of notice for employees is 30 days irrespective of length of service but this may be extended through collective agreements. The redundancies cannot be started for at least 30 days after their notification to the PES.	Consultation between the employer and employee representatives must take place at least 45 days prior to the redundancies taking place and are intended to seek ways of avoiding or reducing the job losses or, failing this, to work out a plan to help those being made redundant. The process will also involve the services of the PES.	The minimum severance pay for those being made redundant is one month's gross salary, though employers (through agreements or otherwise) can augment this sum. Any unused leave also has to be compensated for.

Denmark

Definitions	Notification	Consultation	Statutory payments
There is a Collective Dismissals Act that provides for redundancies of 10 or more employees at any one time.	The employer must by law inform and consult on collective redundancies in the following circumstances: Companies employing 20-99 that plan to make at least 10 employees redundant within 30 days; Companies employing 100-299 that plan to make at least 10% of employees redundant within 30 days; Companies employing 300 or more that plan to make at least 30 employees redundant within 30 days. The Labour Market Council has to be informed so that support measures can be instigated.	When redundancies are announced, it is a requirement that negotiations take place between the company and the employees or their representatives as early as possible to try and see if the job losses can be avoided or reduced. At this stage the company must disclose full written details of the reasons for the redundancies, those likely to be affected and payment terms, etc.	The Collective Dismissals Act does not make provision for redundancy payments. However, a salaried employee has a right to receive one, two or three month's salary where they have been employed by the company for 12, 15 and 18 years respectively, though this requirement may be waived where the employee is entitled to a pension. For non-salaried workers, any entitlement to redundancy pay is likely to be set out in collective agreements.

Germany

Definitions	Notification	Consultation	Statutory payments
The general law applying to dismissals is relevant in all establishments with more than 10 employees. However, collective	The relevant legislation requires employers to notify the PES within 30 days prior to any redundancies taking place in the following circumstances:	Works councils must be given full information on the reasons, selection process and terms of the job losses. They are required to	The social plan developed for the particular redundancy situation will determine severance payments which are normally based on a

<p>redundancies invoke additional requirements on consultation and information disclosure and for establishments with more than 20 employees, the interests of the employees must be considered and a social plan developed that normally sets out the terms of severance.</p>	<p>More than 5 employees in establishments with more than 20 but fewer than 60 employees. Involving 10% or more employees or more than 25 in establishments with at least 60 and fewer than 500 employees; At least 30 employees in establishments with at least 500 employees. The redundancies must take place within 90 days otherwise another notice may be required.</p>	<p>respond within a set time and have to give valid grounds for objecting to a redundancy. A social plan is developed between the employer and works council and covers provision for payments and other support measures.</p>	<p>combination of monthly salary multiplied by completed years of service – usually with a fraction applied (such as 50-70% of salary).</p>
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Ireland

Definitions	Notification	Consultation	Statutory payments
<p>The relevant legislation (The Protection of Employment Acts of 1977 and 2007) defines collective redundancies as involving at least 5 employees.</p>	<p>The employer must notify the redundancies in the following circumstances: Where at least 5 employees are being made redundant in an establishment with 20-50 employees; Where at least 10 are being made redundant in establishments with 50-100; Where at least 10% are being made redundant in establishments with 100-300; Where at least 30 are involved in an establishment with 300 or more.</p>	<p>The employer must inform and consult with the employee representatives at least 30 days before the first notice of dismissal is issued. All relevant information must be supplied, including the reasons for the redundancies, the selection criteria and the basis for calculating redundancy payments.</p>	<p>Under the Redundancy Payments Act any employee with more than 2 years continuous employment with the same employer may be eligible for statutory payments according to the following criteria: Two weeks pay for each completed year of service from age 16, plus one week's pay. However, the maximum weekly pay is capped at Euro 600 irrespective of usual earnings. The payments are tax free to the employee and the employer can claim up to 60% of the cost from the fund. Negotiations and provisions in existing collective agreements may enhance these payments.</p>

Latvia

Definitions	Notification	Consultation	Statutory payments
<p>The relevant section of the Labour Law sets out the terms of what constitutes a collective redundancy.</p>	<p>Employers who plan to make redundancies must notify the PES and local government office according to the following circumstances: At least 5 employees where the establishment employs between 20-49; At least 10 employees where 50-99 are employed; At least 10% of employees</p>	<p>Consultation with employee representatives is a requirement and this must be enacted in good time and include the reasons for the job losses, the numbers affected and the timetable. A social plan may also be formulated – though there is no legal requirement for this to be done.</p>	<p>The employer is required to give severance pay to at least the following criteria: 1 month's average earnings where length of service is less than 5 years; 2 months' average earnings for 5-10 years service; 3 months' average earnings for 10-20 years service; 4 months' average earnings</p>

	<p>where 100-299 are employed; At least 30 employees where 300 or more are employed. Notification must be made at least 60 days before the proposed redundancies are due to take place.</p>		<p>for more than 20 years service. Average earnings are based on the employee's previous 6 months earnings. Collective agreements that enhance these basic requirements.</p>
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Austria

Definitions	Notification	Consultation	Statutory payments
<p>Collective redundancies are defined as a situation where an employer plans to reduce the workforce by a significant number within a 30-day period.</p>	<p>The employer must notify the works council in the first instance, allowing 5 days for a response before proceeding further. The local office of the PES must be notified where: At least 5 employees are affected in an establishment with 20-100; At least 5% of employees in an establishment of more than 100 but less than 600; At least 30 employees in an establishment with more than 600 employees; At least 5 employees of 40 years old or more in any establishment.</p>	<p>The works council has to be informed and consulted on all job losses and can make representation to try and reverse or reduce the proposed job losses. In the case of large-scale redundancies, the works council has the right to request the suspension of the proposed job losses for up to 4 weeks and demand the drawing up of a social plan to help soften the effects on employees.</p>	<p>A new scheme was introduced whereby the employer contributes regularly to a fund amounting to 1.53% of salary. In case of redundancy the employee can claim directly from the fund where there is at least 3 years of service completed. However, claims on the fund can be made by those losing their jobs for any reason (including voluntary quits). Prior to 2003 the scheme was based on years of service from 3 to 4 years receiving 2 months severance pay, to those with more than 25 years service receiving 12 months pay. Collective bargaining agreements may enhance these basic benefits</p>

Portugal

Definitions	Notification	Consultation	Statutory payments
<p>Collective dismissals are covered by the Labour Code and apply to employers with more than 50 employees where at least 5 redundancies are planned within a 3-month period.</p>	<p>Employers planning collective redundancies must notify employee representatives such as a works council or trade union along with all the relevant information on the reasons and proposed timing, etc. – all at least 60 days prior to the planned date of termination.</p>	<p>Employers planning collective redundancies must notify employee representatives such as a works council or trade union along with all the relevant information on the reasons and proposed timing, etc. – all at least 60 days prior to the planned date of termination.</p>	<p>Employees being made redundant are entitled to statutory redundancy payments equivalent to one month's basic salary (plus any seniority payments applicable) for each completed period of service (including parts of a year which are paid pro rata). This basic requirement may be enhanced through the provisions of any collective agreements or special arrangements arising from the negotiations for the redundancies.</p>

Slovakia

Definitions	Notification	Consultation	Statutory payments
Slovakia Various parts of the labour legislation cover the provision for collective redundancies – essentially seen as job losses for ‘organisational reasons’. A collective redundancy applies where an employer plans to dismiss at least 20 employees during a 90-day period.	The employer must notify the employee and their representatives, plus the PES, at least one month in advance of the proposed job losses taking effect. A first official notice provides this information, followed by a second notice that effectively begins the implementation process.	The employer must discuss the proposed redundancies with employee representatives at least one month in advance and should cover the grounds for the job losses, the numbers involved and the selection criteria, as well as the timetable.	In the case of redundancies, severance payments are a legal requirement. However, the level or basis for such payments is not wholly prescribed by law and is at the discretion of the employer. Nevertheless, the guideline is that payments should be as follows: For those with less than 5 years’ service, two months’ salary; For those with over 5 years’ service, at least 3 months’ salary.

Finland

Definitions	Notification	Consultation	Statutory payments
The relevant legislation covering collective redundancies applies to establishments that employ at least 20, though all dismissals are covered by law in terms of such factors as grounds for termination, procedures, etc. In addition, collective agreements may provide for additional requirements in the event of redundancies.	Employers must give at least 5 days notice for negotiations and provide a range of information that includes the grounds for the job losses, the proposed selection criteria, and timetable. In general employees are entitled to notice of termination according to their length of service with the employer. This ranges from 14 days where the employee has been with the company for less than one year, to six months where the employment period is more than 12 years. The employer must also inform the PES of any job losses where the employee has been in work for at least 3 years.	The employer must consult the employee representatives fully and provide all the necessary information in good time. The discussions must also cover how to promote the future employment of those losing their jobs.	There is no statutory provision for redundancy pay and any entitlement will be set out in the social plan developed jointly by the employer and employee representatives.

Sweden

Definitions	Notification	Consultation	Statutory payments
Collective redundancies are regulated in the same way as individual job losses and the legislation does not specify how many employees would amount to a collective redundancy – though the dismissals must be on the	Notification to the County Employment Board must be made where 5 or more employees are affected and different periods apply according to the number of redundancies as follows: 5-25 redundancies – 2 months advance notice;	The relevant legislation requires the employer to consult with the employee representatives and negotiate the terms of the job losses. The employer is required to provide a range of information to aid the process. In normal	Employees do not have any statutory right to receive a severance payment, though such an entitlement is normally enshrined in an individual employment contract or collective agreement.

grounds of business reasons.	26-100 redundancies – 4 months notice; 101 or more redundancies – 6 months notice. The employer must also inform the relevant employee representatives.	circumstances the employer would be required to select those for redundancy on the principle of 'last in, first out'.	
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United Kingdom (covers England, Scotland and Wales)

Definitions	Notification	Consultation	Statutory payments
Redundancies involving 20 or more employees at one establishment within a period of 90 days or less are required to involve collective consultation.	Notice must be provided at least 30 days before the first termination takes effect where the redundancies number between 20 and 90 employees or at least 90 days where 100 or more are involved.	The employer must consult with appropriate representatives – not just trade unions, but other groups as well. The consultations must include ways to avoid the redundancies, reduce the number and mitigate the consequences.	Statutory redundancy pay is related to the employee's age and length of service (to a maximum of 20 years) as follows: Under 22 – 0.5 weeks pay for each full year of service; 22-41 – 1.0 week pay; Over 41 – 1.5 weeks pay. The maximum week's pay for these calculations is GBP 310. Employers are at liberty to enhance these basic requirements

Source: Van Kempen, 2008



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Effective strategies for supporting redundant workers

This review of socially responsible restructuring and effective strategies for supporting redundant workers provides practical evidence of the contributions of career guidance to socially responsible restructuring, based on desk research and in-depth analysis of case studies.

The review covers eleven countries, seven of these providing enterprise case studies (Germany, Latvia, Austria, Slovakia, Finland, Sweden and the UK). It examines socially responsible restructuring practices by enterprises and, in particular, strategies to support vulnerable workers who may have particular difficulties in re-engaging with the labour market; these include career guidance and training. It also looks at the regional and national responses that support enterprise restructuring and worker employability.

It highlights innovative and effective practices, in different economic sectors, which could be transferable across diverse economic contexts and encourage further debate on socially responsible restructuring.

**CEDEFOP**European Centre for the Development
of Vocational Training

Europe 123, 570 01 Thessaloniki (Pylea), GREECE
Postal address: PO Box 22427, 551 02 Thessaloniki, GREECE
Tel. +30 2310490111, Fax +30 2310490020
E-mail: info@cedefop.europa.eu

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