



# **Restructuring in the Electricity Industry: A Toolkit for Socially Responsible Restructuring with a Best Practice Guide**

## **CONFERENCE VERSION**

**A report for EURELECTRIC, EPSU and EMCEF**

By David Tarren, Dr. Howard Potter, Dr. Sian Moore  
Working Lives Research Institute

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## **Executive Summary**

Given the range of various European Union directives concerning market liberalisation, restructuring has become an ongoing issue for social partners operating in the electricity sector in Europe **(p5)**. Within the context of the European Social Model, effective social dialogue between employers and trade unions is understood to be the best way to address the effects of restructuring. This practice is enhanced by both European and national legislative frameworks as well as a strong business case **(p9)**.

For social dialogue to be effective it must be timely, active, collaborative and fully engage in an ongoing fashion the workforce concerned. It also should always have mechanisms for monitoring progress and evaluating outcomes. Social dialogue must rest upon a realistic understanding of the particular positions that each of the social partners hold. Instigating social dialogue in SMEs, outsourcing and situations involving atypical workers can help reduce the effects of `silent restructuring` **(p14)**.

Anticipation and transparency is central to any successful restructuring. These approaches should become part of the daily life of any organisation if it is to manage change effectively on an ongoing basis **(p21)**. To develop the trust that comes with anticipation and transparency there should be a variety of structures and mechanisms that are dedicated to restructuring.

Long-term workforce planning that involves formal retraining mechanisms and an ethos of lifelong learning will assist in the both the general employability of the worker and their possible redeployment within the company **(p31)**. Restructuring choices that involve the loss of experienced employees, such as early retirement, contributes to the risk of skills flight at both company and sectoral levels **(p34)**.

The experiences of restructuring may have a detrimental effect on the health of workers, both those that leave companies and those that remain. To minimise this positive health strategies should be in place before restructuring occurs and become part of organisational life thereafter **(p40)**.

Depending on the circumstances within which restructuring occurs, public authorities at local, national and/or European levels may have a beneficial role to play in conjunction with the activities of the social partners **(p45)**. This is especially the case where the business undergoing restructuring is the major employer within a specific geographical area.

The social partners may be able to obtain specific assistance through existing European funding streams to manage change for their employees and members **(p46)**. Given the increasingly transnational nature of the sector, there are more and more opportunities to consider good practice approaches to restructuring from businesses elsewhere. This can be facilitated through existing European level social partner organisations.

## **1. Introduction**

### **1.1 The context of restructuring in the electricity industry**

In 1996 the Council of Ministers of the EU adopted *Directive 96/92/EC concerning common rules for the internal market for electricity*. The main thrust of the Directive was the liberalisation of the sector. Liberalisation has proceeded at a much faster pace than the Directive envisioned with full market opening expected to be achieved by 2009. Whilst during this period of change the European Commission strengthened the public service provision of the Directive, a process of social dialogue also began, involving EURELECTRIC, EPSU and EMCEF that considered developments in health and safety, and the impact of restructuring on employment and equality<sup>i</sup>. Whilst liberalisation has in some cases initiated these changes, and in most cases accelerated them, it is not the only driving factor in the electricity sector (see Section 1.2).

Commentators suggest that, 'the process of restructuring, liberalisation and/or privatisation is undeniably most often seen in the context of job losses'. In terms of net job losses, the EU-15 states experienced 246,000 reductions in the sector between 1995-2005 whilst in the New Member States, overall there has been a reduction of 44,000 jobs between 2000-04. The greatest losses occurred in the advanced open markets followed by the open markets. The least net losses to date have occurred in markets experiencing ongoing liberalisation (see below)<sup>ii</sup>. However, with the recent European Parliament Committee on Energy decision (May 2008) to enforce Member States to break up vertically integrated companies, these figures are likely to change.

The sub-sectors of production, distribution transmission and trading and sales have been differently affected, with most losses occurring in distribution and most gains in trading, and to a lesser degree, production using renewables.

In terms of occupations, overall, there have been reductions in 'lower skilled' jobs, plant and machine operators, those working in elementary occupations, middle managers, semiskilled and skilled network operators. These have been mainly achieved through outsourcing, in sales, administration and customer service personnel. Conversely, there have been overall increases in senior management, professional, legal and technical positions, project management staff and those in trading and brokerage. In general, the sector is dominated by medium level educated workers, but there has been a sharp decrease in lower educated workers and a correspondingly sharp increase in highly educated workers.

The case for renewables, the shift from conventional coal, oil and gas fired technologies, is driven in part by the proposed EU *Directive on the promotion of the use of energy from renewable sources*<sup>iii</sup>. The impact of these changes is likely to be an overall increase in higher skilled jobs, especially in the engineering and marketing areas, and a correspondingly overall decrease in lower skilled jobs.

Summary: *The employment impact of opening of electricity and gas markets* (ECOTEC Research and Consulting 2007, Brussels; European Commission)

This benchmark study considered the impact on employment of the opening up of the European electricity market and how this has been managed by different companies. Its main European and national policy recommendations included:

At the European level

- ❖ The European Commission should continue to investigate the positive and negative impact of the liberalisation of the electricity sector and encourage Member States (through the Open Method of Coordination) to disseminate good practice approaches to socially responsible restructuring
- ❖ Dissemination of good practice should be most actively undertaken on behalf of Member States where the liberalisation process is as yet in its earliest stages
- ❖ The European Commission should use its influence to promote constructive social dialogue amongst the players involved in sectoral restructuring and the management of labour market change.

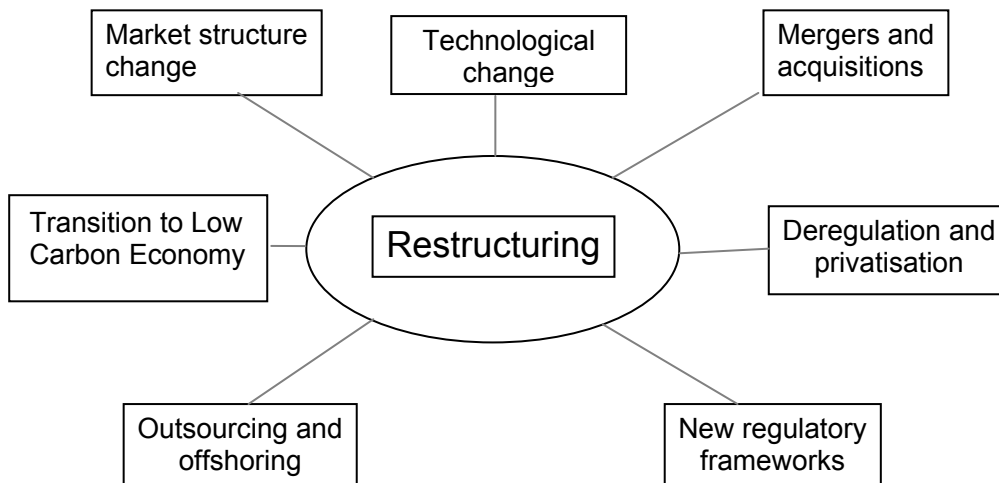
At the national level

- ❖ National social partners and other stakeholders should actively monitor and consult over the effects of market opening, in particular:
  - The impact of sectoral and territorial change in employment during rapid transformation.
  - The potential effects of outsourcing on employment, particularly in relation to working conditions, health and safety and skills development.
  - The potential risks posed by emerging skills deficits in technical fields.
  - The level of need for enhanced training opportunities for young technical graduates.
  - The importance of establishing transferable systems for retraining, particularly to ensure effective redeployment.

The full ECOTEC study may be found at: <http://epsu.org/a/2939>

### **1.2 Definitions: what is meant by `restructuring`**

Restructuring is the reorganisation of business operations aimed at increasing efficiency and profit. It may be represented as:



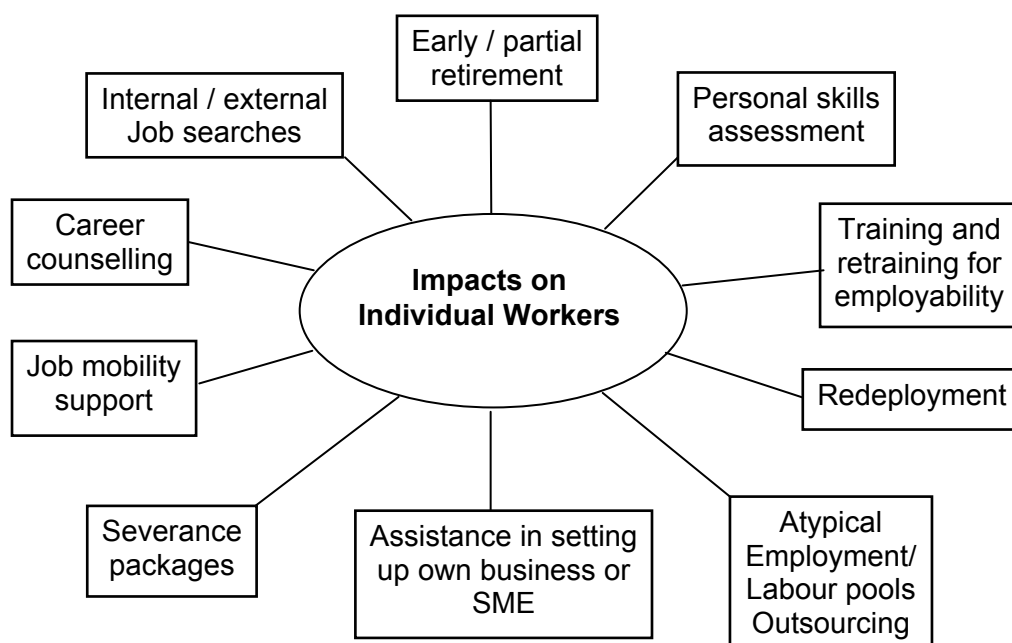
It could entail a change in an organisations' geographical scope as well as a reduction in overall staffing numbers, and in cases of large organisations, it will impact upon supply chains. It affects not only multi-nationals and large organisations, but very often Small and Medium sized Enterprises (SMEs). The concentration of attention on the former at the expense of the latter means restructuring in SMEs is known as 'silent restructuring'.

The toolkit will consider restructuring in terms of what has been called 'socially responsible restructuring' or SRR<sup>iv</sup>. If restructuring has been principally considered in terms of short-term shareholder gain, SRR may be thought of as contributing to long-term stakeholder value<sup>v</sup>. As such SRR would involve a wide variety of stakeholders (including social partners) with different interests that may or may not coincide.

If restructuring implies any one of a number of events, SRR suggests a more fully managed process, involving,

- Anticipating change and its implications, especially for the workforce;
- Embracing a thorough consideration of alternatives to the sharper effects of change, such as redundancies;
- Seeking sustainable and responsible solutions to these changes through constructive, in-depth and continuous dialogue between social partners and the wider stakeholders;
- Evaluating the effect and process of change<sup>vi</sup>

For the individual worker, restructuring may impact upon them in some or most of the below possible ways:



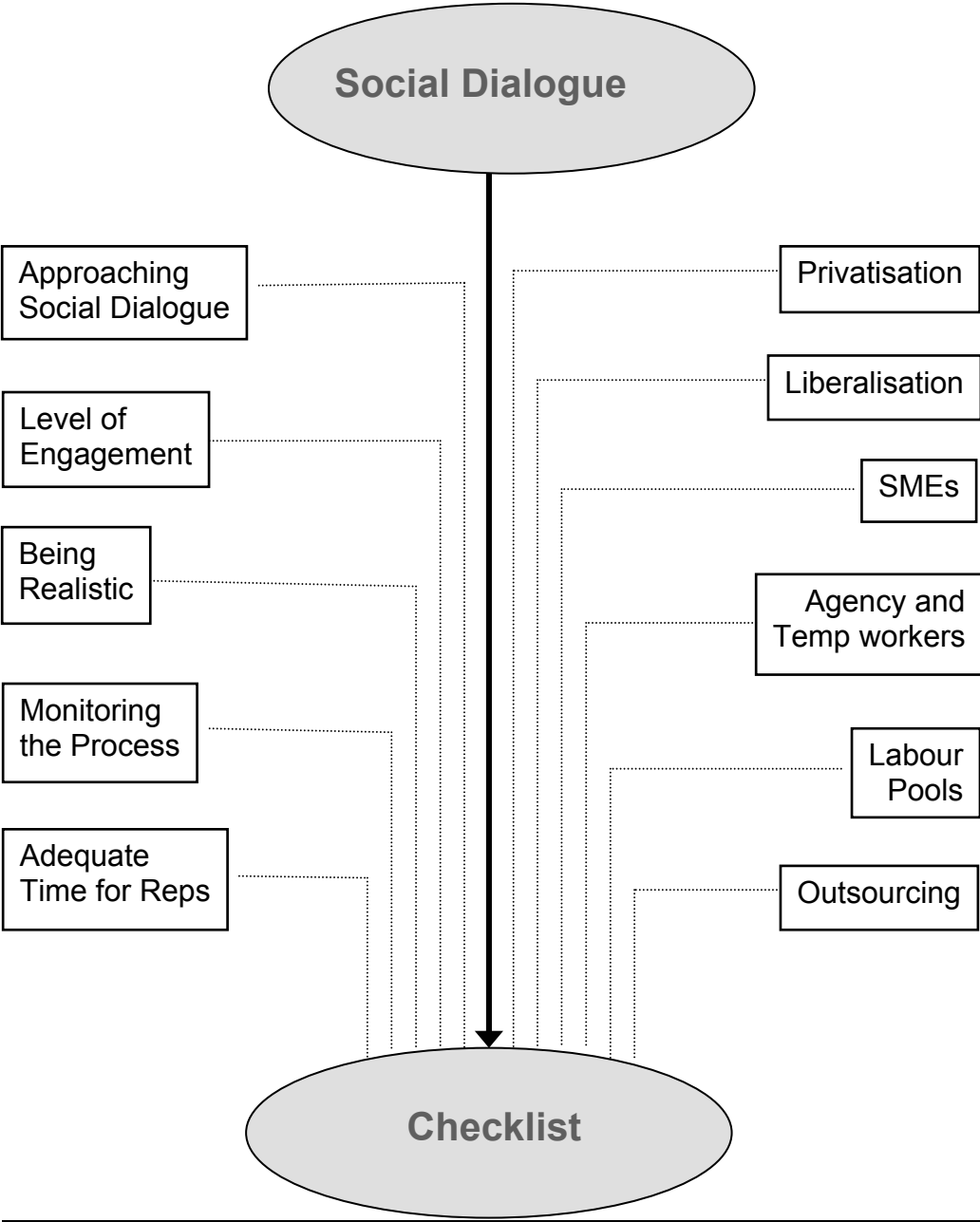
### 1.3 Toolkit purpose and scope

This toolkit is designed to promote understanding and awareness of socially responsible restructuring practices for employers, managers and trade unions. It focuses upon of best practice in restructuring processes within and outside the electricity sector that have positive outcomes for the social partners and are transferable and/or adaptable to the electricity sector.

It is particularly hoped that the toolkit will be of interest to the social partners involved in the South East European energy community following the Memorandum of Understanding (2007) concerning the social dimensions of market opening within the energy sector and the development of a process of social dialogue, including the creation of social forums and social action plans that will address the effects of market opening in the region. (For more information on this, visit <http://www.epsu.org/r/239>).

This toolkit is based on both survey work undertaken with the social partners in the European electricity industry as well as secondary sources. It considers the following areas: social dialogue, anticipation and transparency, training, retraining and redeployment, health and psychosocial issues, the role of public authorities and cross border learning. Following each, there is a checklist that will offer a guide to users through the problems and pitfalls of restructuring. Whilst the issues surrounding restructuring are illustrated throughout by best practice examples from both inside and outside the electricity sector in Europe, the toolkit also provides two in-depth case studies (Appendices 1 and 2), as well as a glossary and a contact list and further information (Appendices 3 and 4).

**2. Social Dialogue**



## **2.1 Why social dialogue is important**

European Social Dialogue is a central component of the European Social Model, which has sound foundations within EC Treaty (articles 138 and 139) and relates to the discussions, consultations, negotiations and joint actions undertaken by the social partner organisations representing the two sides of industry (management and labour). The process of social dialogue has resulted in the production of over 300 joint texts by the European social partners. European Social Dialogue should always seek to add to the national practices of social dialogue. In addition to the process of dialogue between management and labour social dialogue is also the mechanism by which the social partners assist in the formulation of European social standards, and it plays a vital role in the governance of the European Union.

The European Commission has set out specific and structured frameworks for developing the role of the social partners (ETUC, UEAPME, Business Europe and CEEP etc) within Europe and, since 1985, has been actively working with the social partners to encourage best practice across a broad range of areas. The European Commission stresses the need for strong and robust social dialogue, particularly during restructuring. It places an emphasis upon the role of the social partners in terms of their sectoral dialogue committees and their sectoral and regional monitoring initiatives. In addition the Commission acknowledges the knowledge and expertise of the partners and their role in informing and alerting the authorities at all levels. It is clear from research (MIRE) that for workers the process of social dialogue is often just as important as the outcomes.

Successful cases of restructuring generally involve an active partnership between management and workforce – they require strong social dialogue. (TRACE Project). In addition to complying with European and national legal requirements there is a business case for social dialogue. Consultation with the workforce can help reduce opposition to the proposed restructuring because workers are more likely to feel that their views and interests have been heard and taken into account. A consultative approach may also encourage a consensual process. This ‘buy in’, or at least acceptance, of the restructuring process can help reduce any disruption to the employer from those workers adversely affected by restructuring and also reassure those workers not directly affected about their employer’s commitment to treating the workforce fairly. However this process can only be effective if workers believe that their trade unions are actively promoting their interests and are not simply acting as a tool of management. In other words for trade unions to be effective representatives of workers during restructuring they need to be seen to maintain their independence from the employer, whilst working constructively with the employer. In the survey of EURELECTRIC partners’ experiences of restructuring one trade union representative mentioned “open and frank discussions are held before any decisions are made” supporting the view that it is possible to have discussions before decisions, despite the pressures facing employers during restructuring.

One advantage to the employer of consultation with trade unions over restructuring is cost. Employers are able to lower the cost of consultation with the workforce by entering into social dialogue with trade unions as the collective voice of the workers rather than having to establish a mechanism for collective consultation or to communicate with workers directly and individually.

## **2.2 How can the issues of social dialogue be addressed?**

### **2.2.1 Approaching social dialogue**

There is a requirement in most European states that employers consult with the workforce. The frameworks and structures for the purposes of social dialogue between the partners vary from state to state and often reflect the nature and level of collective bargaining at a domestic level and national legal frameworks. For instance in the *UK*, where company level bargaining is the predominate form of collective bargaining, social dialogue takes place at company level. In *Germany* social dialogue takes place at industry level, reflecting the nature of collective bargaining in that country.

Action by social partners must be timely and must be seen as a continuous process, not something begun at the point of a crisis. At the local or enterprise level, companies and trade unions often have established structures through which they engage in social dialogue. For instance in the *German* company *RWE*, the employer and union representatives “engage in regular dialogue through the company’s working group of the Works Councils, the company’s economic committee and representatives for disabled workers” (*RWE Survey Response*).

The limited disclosure of information can act to prevent proper dialogue. The disclosure of information can act to bring the parties closer together and supports open and honest discussions (MIRE). If either party fails to disclose information that could promote dialogue then discussions will be undermined and potential solutions will be difficult to find. To aid good social dialogue, during restructuring E.On established project groups during restructuring on which trade union representatives were invited to sit, in the hope that confrontation could be avoided. This engagement of employee representatives builds trust and widens the knowledge base of the discussions.

Provision for consultation over redundancy with employee representatives is a feature common to all countries, yet the scope and depth of consultation varies between them. However, the extent of negotiation over restructuring may be open to question. In *Sweden* the Codetermination Act obliges the employer to consult the unions on all important changes in the enterprise or in labour relations; restructuring often gives rise directly to negotiations between the employer and the union, on behalf of the workers they represent. In *France* and *Belgium* it is normal for consultation to take place within Works Council structures and in *Germany* the Works Council is entitled to negotiate, although their rights under the law are defined and limited. In the *UK* the legal context for restructuring requires consultation with employee representatives, but in the absence of trade union recognition in the workplace dialogue may be limited. In the case of *CEZ* in the *Czech Republic*, the trade unions have both 'discussion rights' with regard to addressing the corporate financial situation and information predicting annual results, on organisational changes, training and retraining as well as pay. They also have very broad 'information rights' which include the right for the trade unions to be informed about recruitment and redundancies and the environmental impact of the company. The agreement also defines 'consultation', and sets out the legislative requirements of the European Directive giving rise to EWCs.

However, simply exchanging information between two parties does not constitute social dialogue. Early, active, collaborative and holistic intervention is key objectives for employers in the restructuring process. Bringing issues to discuss with the trade unions can ensure active engagement from the workforce at an early and critical stage of the process. Employers should view the process of social dialogue as an opportunity to involve the workforce, bringing in their knowledge and expertise, leading to meaningful discussions with the trade unions over the future of the business. Social dialogue is not simply the expression of parties' views articulated within a forum, but describes a comprehensive, co-ordinated and collaborative approach to problem solving where each party listens, respects and tries to integrate the other's view point. In one sense social dialogue is co-ownership of the situation in the workplace and of the solutions. It should also ensure that the transition sought through the restructuring process is as smooth as possible.

Social dialogue might require the intervention of third parties. When it becomes clear, following dialogue between the employer and trade unions, that a number of workers could face dismissal, public authorities, for example involving local job relocation initiatives, should be brought in to the discussions.

It is essential for effective social partner interaction that both parties plan ahead so that the aims and objectives are clear and all involved are working towards identical goals. Trade unions and employers will naturally have different interests, but it is possible to come to agreement on specific processes and outcomes and sufficient planning around these at the outset will offer a greater chance of success. One respondent to the survey noted that "many of the proposed changes aren't fully investigated, and the final decisions that are made as the result of the change is different from the plan". This comment serves to illustrate that employers need to ensure there is sufficient time for all parties to properly examine the potential consequences of their planned changes.

Union strategies in the context of restructuring have been characterised as ranging 'from co-operative partnerships and negotiated accommodation to militant resistance'<sup>vii</sup>. They can move between resistance and negotiated accommodation over the course of the restructuring process. As with management there may be different responses to restructuring between union representatives at a local and national level. This can facilitate alliances between local union and management representatives, or even promote hostilities, at the local level. The role of the trade unions at local, regional, national, sectoral and European levels is to facilitate and actively engage in dialogue to minimise the effects of restructuring on workers and to safeguard the long terms interests of their

membership. Trade unions will have their own structures, which will vary from region to region, sector to sector and state to state.

Unions may also be proactive in suggesting alternatives to job loss in the context of restructuring, generally on the basis of trade-offs between employment security and working time. The clearest example is the Volkswagen agreement of 1993 where 30,000 jobs were protected through a collective agreement on reductions in working time involving wage concessions<sup>viii</sup>.

### **2.2.2 Level of engagement**

Although formal and informal discussion and consultation at a local level between social partners is vital, essential decisions are not generally made at the local level. Social dialogue needs to take place at the appropriate level – usually the highest level of the organisation. European Works Council (EWC) representation does not necessarily equate to trade union representation, yet in a period which capital is increasingly transnational EWCs provide a ‘pan European vehicle for co-ordination’ in the context of restructuring<sup>ix</sup>. Examination of the *EDF* case study shows that EWCs have been useful in allowing employees an insight into the company’s operations across a number of states and therefore increasing the worker voice throughout the entire company. This has lent itself to better industrial relations because, by using the EWC, more workers views are represented and the unions are able to contribute greatly to the discussions with the employer over the operations of the business. The *EDF* EWC also allows for a role of the European trade union federations, thus encouraging a pan-European approach to discussions and negotiations.

### **2.2.3 Being realistic**

In a joint EURELECTRIC, EMCEF and EPSU survey one employer representative highlighted the need for the workforce representative to understand the economics of the restructuring process, in terms of its necessity, and suggested that this might lead to the trade unions moderating demands, particularly where these are outside the employers control. This is a useful comment because it suggests that to have true social dialogue, each party must appreciate what is achievable.

### **2.2.4 Monitoring and evaluating the restructuring process**

The role of the partners should continue even after workers have been dismissed or have voluntarily left the business. Monitoring the restructuring process and its outcomes is often neglected, but is important. This process will mirror existing mechanisms both at national and regional levels. In the case of the *Swedish* energy company, *Vattenfall*, a permanent reference group with trade union representation was established to continuously monitor and evaluate workforce reduction at the company over a period of three years<sup>x</sup>. This process is important because it allows the parties to evaluate solutions and outcomes in the short, medium and long term and is especially useful for cross border learning (see Chapter 7).

### **2.2.5 Adequate time off for trade union representatives**

To enable local trade union representatives to effectively represent their members and fully engage with their employer over restructuring they will need to be given adequate paid time off by their employer. Without this local trade union representatives will not be able to properly prepare for consultation and negotiation or to fully participate in discussions with their employer. Trade union lay representatives also need to meet with their constituent members to communicate management proposals, elicit their views and consult over any joint management-union proposals on the restructuring process. Management will also need to give time-off in working time for union meetings at the workplace. In the absence of these measures meaningful consultation will fail.

### **2.2.6 Privatisation, liberalisation and restructuring**

Before outlining the issues arising from both privatisation and liberalisation, it is important to distinguish between the two and the process of restructuring. Restructuring is a response, by companies, to a number of factors including the introduction of new technology, mergers and take-overs. Liberalisation brings pressure to bear upon employers who may restructure their business as a result, but liberalisation itself is brought about by the relaxation of Government regulations. And although privatisation and liberalisation are often associated with each other, the state can still play a role in companies having undergone liberalisation – for example *Vattenfall* and *EDF*. Whereas privatisation, although often a response to market liberalisation, is the process by which former state owned industries are transformed into private ownership.

### **2.2.7 Privatisation**

The process of privatisation has been undertaken in a number of the newer EU states over the last decade and is likely to be carried out in other states in the near future as they prepare themselves for inclusion of the EU. A central difference between privatisation and the other types of restructuring is that privatisation tends to heavily involve the Government, given its interest both as employer and owner.

Research by KPMG<sup>xi</sup> shows that throughout central and eastern European countries privatisation has taken place to varying degrees. Unbundling specific sectors within the eastern European electricity industries, prior to privatisation, is also evolving at different rates. While a number of countries have unbundled their Transmission System Operators, *Romania* and *Bulgaria* are in the process of doing this. However separating and privatisation in the generation sector is happening quickly. Due to this ongoing process we can expect to see a great deal of Government involvement over the coming years.

The rate at which a Government privatises its electricity sector will depend upon the existing structure of the industry. For instance, the speed of privatisation has been the quickest in those economies where generation, distribution and transmission are already separated.

The case of *Hungary* below is useful here because it demonstrates how the social partners can prepare when confronted with enormous change.

#### **Privatisation in Hungary**

During the preparations for the privatisation of the Hungarian electricity industry in the mid 1990s, the trade unions felt they had not been consulted with regard to the possible changes. After threatening industrial action, and through the involvement of international organisations, the Hungarian government agreed to provide some protection for employees which included 5% of the share revenue being used to establish a retraining and redeployment fund, to finance unemployment benefit supplements and early retirement payments, and to support two trade union aid funds. It was also agreed that employment levels in the privatised companies would be protected and that there would be improvements in pay and conditions.

In newer member states the pace of privatisation has made it difficult to enter into social dialogue with the appropriate information. In addition suspicion, brought about by a lack of trust early in the development of a relationship between the social partners, can be a hindrance to information sharing.

One trade union respondent remarked that often only the statutory notice period for consultation is given by their employer and this does not allow enough time for a proper discussion on the issues. Another remarked that consultation sometimes takes place after the event, leaving employees and their representatives powerless and feeling, as though their views are irrelevant. Trade unions, when in this position, refer to their role as simply 'fire-fighting' and feel unable to add value to the process or to the organisation.

### **2.2.8 Liberalisation**

While *Britain* was forging ahead with liberalising its energy markets in the early 1990s, the European Commission began drawing up plans to open up the gas and electricity markets across Europe. Directives issued in 1996 and 2003 set out rules and timetables for member states to open up their markets firstly covering major users and then including all domestic customers so that all retail markets for small users should be open to full competition by 2007 (Thomas 2005). The response from some major national utilities was to begin looking abroad to establish themselves as significant players at a multinational level. This was seen as one way of protecting themselves from the increase in competition and loss of market share in domestic electricity and gas supply.

The liberalisation of the European electricity market was borne out of European Directives (outlined earlier in the toolkit). The adoption of these Directives was perceived by many as a precursor to lower energy prices, which in turn would lead to investment in jobs and new technologies from those sectors reliant on electricity. On the other hand trade unions feared that liberalisation and privatisation would lead to job losses and a worsening of terms and conditions brought about by the reduction in the coverage of collective bargaining.

While the ECOTEC study in 2001 illustrated that many companies have undertaken restructuring in a socially responsible manner, there is no doubt that liberalisation has introduced a number of difficulties that workforces and employers have had to deal with<sup>xii</sup>.

### **2.2.9 SMEs**

One of the weaknesses in the existing model of social dialogue at the EU level, concerns the under-representation of SMEs, when compared with their contribution to employment and economic development in the EU (BERR UK Government). SMEs (which are defined by Eurostat as having less than 250 employees) play an essential role in the creation of jobs and are often overlooked because of their size. To highlight their significance, there are approximately 18,000 enterprises involved in electricity, gas and water production across Europe, employing over 210,000 workers. In addition, SMEs make up around 25 per cent of employment within the EU in the electricity, gas and water industries (Eurostat).

It has become common to call restructuring within SMEs “Silent Restructuring” simply because, despite these companies constituting 99 per cent of all companies in Europe, very little is heard about SME restructuring. This is due to a lack of interest in the press and a mistaken belief that there is little knock on effect across an economy as a whole, following major restructuring or the complete closure of a SME. And yet it is precisely these very companies that have the least resources, are less likely to have representative structures at workplace level and which will find restructuring generally more difficult to deal with. From the worker’s point of view, there is likely to be less help and support available from within an SME than from within a large company and this highlights the need for more direct contact between trade unions and SME employers (UEAPME Conference, Lisbon 2007).

The case study of the restructuring of the textile industry in the *Tarn* region, below, illustrates the possibilities for promoting social dialogue and representation within SMEs at regional level in the context of restructuring.

#### **SMEs in France**

In the *Tarn* region of *France*, legal changes at the national level triggered social dialogue. The economy of the region is dominated by small craft businesses, the majority with fewer than five employees working in enterprises with no Works Councils or other representative organisations, with limited trade union presence and informal social dialogue often marked by mistrust. The implementation of the reduction in working time, introduced by the Aubry Act 1998, required a 35 hour working week by 1<sup>st</sup> January 2002 for companies with less than 20 employees.

This triggered a partnership between employers and trade unions, since craft businesses feared that they would face recruitment and retention issues if larger businesses could offer more attractive rights and terms of employment. The employers’ organisations in the region approached the *CFDT* to propose an intersectoral agreement on the reduction of working time and the *CFDT* agreed, on the basis that it addressed employees social rights and working conditions and developed a permanent structure, a local joint committee, involving other representative trade unions.

The subsequent agreement (signed in January 1999) established a forum for social dialogue in the region, which concluded a number of agreements on working time, employee entitlements, health and safety and dispute resolution. This created social dialogue within SMEs across the region, enabling employers to work together to ensure their survival and new rights for workers in an area undergoing industrial restructuring where they had previously been excluded.

### **2.2.10 Agency and temporary workers**

The representation of agency or casual workers is increasingly an issue for the social partners and has become an important issue during restructuring. This issue has even greater resonance with unions in those member states where there is often a deficit in the employment legislation protecting this particular group of workers.

Agency workers are often the first to be affected by restructuring but are not often represented by trade unions and have generally been excluded from both individual and collective representation and participation in social dialogue. However there are positive steps that can be taken to reducing the

vulnerability of these workers during restructuring, while still permitting the numerical and functional flexibility desired by employers and this is illustrated in the comparative case study below from the *UK*.

#### **Agency workers at *BT* in the *United Kingdom***

Within *BT* the widespread use of agency staff has allowed the commitment to no compulsory redundancies for permanent workers to be sustained. The union had pressed for agency workers to be converted to permanent *BT* employees. But the company has resisted this because it sought the flexibility to lay people off when work volumes decreased.

In the absence of favourable national legislation the unions subsequently negotiated an agreement with the company covering the retail business, establishing a fixed ratio of permanent to agency workers (90 per cent) and guaranteeing that no individual will be employed on an agency contract for more than 12 months, after which they are deemed to be a permanent employee. In the *UK* context this agreement is innovative.

#### **2.2.11 Labour pools**

Another innovative approach to supporting in restructuring is through the use of 'labour pools'. Under this initiative individual SMEs share their resources and at the same time protect agency workers who are particularly vulnerable from change. The case study also illustrates how trade unions, if involved in discussions at an early stage, can help support and publicise any initiative.

#### **Labour pools and SMEs in *Germany***

This initiative, in *Braunschweig*, developed a collective agreement providing for the transfer of staff between eleven SMEs in the region. This labour pool allowed companies to increase their flexibility and to tackle structural fluctuations in orders, avoiding redundancies and short-term working.

The union, *IG Metal*, initially played a key role in promoting the labour pool, in particular allaying the fears that the approach was similar to agency work. A collective agreement established the principles of the model and the legal basis for the exchange of staff between companies; allowing the right of co-determination for the works council and playing an important role in winning employee support and in encouraging them to participate in the labour pool. Assignment is purely voluntary and employees temporarily assigned are paid at the same rate by their permanent employer. Since the project is funded through membership fees and is not for profit, personnel rates are lower than the use of agency workers, it is also considered that the quality of work is superior to agency work, due to the regular transfer of personnel (MIRE).

#### **2.2.12 Outsourcing**

Outsourcing has become a common and widespread form of restructuring across virtually all sectors of the economy and in most countries in Europe. This is where a service, previously carried out in-house by directly employed workers, is transferred to an outside organisation. Cleaning, catering and security were kinds of services initially subject to outsourcing, but now the process is being applied to main other business activities – in the energy sector these include network maintenance, meter reading, information technology, call centres, payroll, billing training, accounting and transport.

While the process might involve the use of overseas contractors, in the case of call centres or "back-office" functions (offshore outsourcing), usually the service will be outsourced to another company operating locally, although this could, of course, be part of a larger international firm.

The reasons behind outsourcing can be varied and relate to the need to benefit from skills, expertise and resources that cannot be provided in-house. It may also be that economies of scale are available to the company providing the service that might mean services of the same quality can be provided at a lower cost. However, it may also simply be the case of a company wanting to cut costs by using an outsourcing firm that has lower labour costs.

The key issue is for the social partners to have the opportunity to discuss these questions so that employers can set out their strategy for outsourcing and trade unions can respond, with an opportunity to provide alternative solutions if employers are looking for efficiency savings. An EPSU survey carried

out in 2005 found that in 24 out of 25 cases of outsourcing in the utilities sector there had been a process of information and consultation over the change.

Even international consultancies that are employed to manage outsourcing admit that it doesn't always go to plan. A 2005 report by Deloitte argued: "Outsourcing is an extraordinarily complex process, and the anticipated benefits often fail to materialize." Organisations should "avoid outsourcing when based solely on cost savings."

Other surveys by consultancies have confirmed that outsourcing has not always delivered the savings or improved services that employers expect<sup>1</sup>. A range of consultancies and business publications have drafted guidelines for how to plan for and implement outsourcing.

Ernst & Young, a leading accounting and management-consulting firm, highlights some of the key elements of a successful outsourcing project, including the need to "establish measurable goals and objectives" and to "continually track and measure performance and provide feedback."

Mercer Management Consulting<sup>2</sup> has drawn up a checklist for managers highlighting the key points they think organisations should bear in mind when planning outsourcing. The list includes some essential points that trade unions would also be concerned about such as the need to "make an outsourcing decision based on strategic goals, not just tactical urgency". It also recognises that because things can go wrong managers should: "design an exit strategy – prepare to survive a contract termination, when operations might need to be transferred to another vendor or brought back in-house".

Studies underline the need for detailed planning at every stage. One checklist that focuses just on the human resources implications identifies over 60 steps in planning, carrying out and reviewing any outsourcing process.

One business analyst underlines the need for clear planning: "The decision to outsource a function should be treated as a fundamental business decision, which requires a sound plan and an associated economic study." However, he also acknowledges that it is not just about the business side: "In addition to the costs, other considerations that also should be addressed in the business plan include: the impact outsourcing a particular business function may have on customer services, the impact it may have on the community where the company operates, the impact on employee benefits after the implementation of outsourcing plan, as well as the potential political consequences of employee reduction."<sup>3</sup> He also argues that "No outsourcing effort can be successful without the full support of the affected employees."

Trade unions would endorse the idea put forward by Mercer Consulting that managers should: "communicate fully with current employees", although they would add that communication should be more about consultation and negotiation with employee representatives than just keeping individual employees informed.

The most controversial aspect of much outsourcing is the impact on jobs and employment conditions. The risk for the employees affected is that they might be transferred to a company with lower pay and rates and less favourable employment conditions. While the national legislation that implements the Acquired Rights Directive may afford some temporary protection, in the longer term employees may lose out while new employees working on the contract may be recruited on lower pay and conditions and so creating a two-tier workforce.

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<sup>1</sup> Calling a Change in the Outsourcing Market, Deloitte, April 2005; Barometer of Outsourcing, Dun & Bradstreet, 2003; Outsourcing: Mindset Switch, PA Consulting, 2003; Annual IT Outsourcing Study, Diamond Management, 2002

<sup>2</sup> Harvard Management Update, 1995

<sup>3</sup> Zhu, Z., K. Hsu and J. Lillie, "Outsourcing – a strategic move: the process and the ingredients for success", *Management Decision*, 39/5 [2001] 373-378

Ideally consultation between the social partners should mitigate these effects as far as possible and although the following two cases are related to sub-contracting, rather than outsourcing, they do provide useful examples of how employers and trade unions can minimise the potential negative effects on terms and conditions. An agreement in the Norwegian electricity sector, for example, gives the trade unions the right to information on prospective sub-contracting companies and on the pay and conditions that transferred employees will face. Another policy, within EDF lists a number of factors that should be investigated in ensuring that sub-contracting companies meet certain standards of social responsibility.

Combining some of the main points of advice from management briefings and key issues of trade union concern would generate the following outsourcing checklist:

In outlining an outsourcing strategy are there core competencies which should not be outsourced?

How does a specific outsourcing fit into the company's outsourcing strategy? Is the aim to take advantage of skills and expertise outside the original company or to concentrate on core competencies, for example?

Is the proposed outsourcing is about boosting productivity? If so, have there been internal discussions and employee and trade union consultation about reforms and alternative restructuring that might deliver the same outcome?

Both for effective business reasons and trade union rights employees and trade unions need advanced notice of outsourcing plans and a clear timetable for how the process will be carried out.

Potential bidders need to be assessed from a CSR angle.

Studies have underlined the risks involved in outsourcing. Has the contract set out clearly the process of establishing performance measurement indicators and the process of monitoring these?

Does the outsourcing contract contain any social clauses in the event of failure?

In cases of a planned outsourcing process, there should be an appropriate involvement of trade unions at the right levels on the possible social impact of outsourcing, where possible anticipating and managing potential issues, including during the preparatory stage.

Have issues such as redundancy measures and how to prevent these, redeployment, training and transfers been considered?

As new contractors are taken on to provide services that were previously delivered in-house, this can introduce some complexities into health and safety responsibilities. Clear arrangements for monitoring the outsourcing company should be established.

#### **2.2.12.1 Training**

When companies outsource or sub-contract work to another firm they usually do so to the cheapest bidder. There is evidence to suggest that training budgets are one of the first cuts to be made when firms reduce their overheads, thus firms taking on outsourced contracts are less likely to retain a comprehensive training programme. The problem is further compounded by the fact that, as the outsourced arrangement is short-term, the new employer has no incentive to train and maintain a skilled workforce (Business Strategies 2002).

#### **2.2.12.2 Employment conditions**

Although European workers are protected somewhat by the Acquired Rights Directive, when they follow a business which has been outsourced, this protection is not permanent and, as a study by ECOTEC in 2001 showed, "contracting out in the longer term often led to a deterioration of employment, pay or promotion prospects as the new companies often fell outside of the collective bargaining arrangements covering workers in the sector". In the UK there has been an increase, as a direct result of outsourcing, of companies with a 'two-tier workforce' where there remains a core of employees on former, and better, terms and conditions, and a newer workforce, employed since the outsourcing, on worse pay and conditions.

### **2.2.12.3 Quality of services**

There is evidence of a worsening of quality of service as a result of outsourcing. Thus observations by ECOTEC in 2001 suggested that the outsourcing of call-centres has generally resulted in a worse service than previously and this is due to a lack of inside knowledge by contractors.

### **2.2.12.4 Accountability and responsibility of services**

This issue usually refers to the outsourcing of maintenance provision within the electricity sector. The difficulty here is that upon liberalisation the distribution company is separated from the original company and the new company may have different priorities and its own commercial agenda (PSIRU 2003). As the study by Steve Thomas from PSIRU shows, sub-contracting can worsen this situation. This problem occurred within the *UK* rail industry after the fatal rail crash at Potters Bar in 2002. It took over a year for the government agency responsible for overseeing the rail network to determine responsibility for the accident.

Overall a report by PSIRU in 2003 demonstrates that outsourcing within the electricity sector risks bringing the negative aspects of outsourcing, as mentioned above, without any of the positive aspects. The report makes the reference to the company *Sydkraft* that recognised “that call-centre outsourcing had to be abandoned and in-house service restored, [as] an important warning”. Outsourcing is thus a fundamental issue when consider the subject of restructuring.

### **2.2.13 Off shoring**

Off shoring is a form of outsourcing and occurs when a company seeks to relocate work to another country, usually to reduce costs. The following case studies help to highlight some of the issues.

#### **Off shoring in the Banking sector in the *United Kingdom***

The case study of a *UK* bank involved the closure of a call centre in the north east of England and the relocation of the work to India. The non-union Staff Association campaigned against this on the basis of keeping British jobs for British workers, but this nationalistic response was criticized by the trade union. The restructuring agreement reached between the company and union covered issues relating to ethical business practices and International Labour Organisation recommendations on rights to staff representation in outsourced operations, along with a commitment to allow a small team of union staff to be accompanied on a single visit to any proposed offshore country to see how the operations work.

#### **Off shoring within telecommunications in the *United Kingdom***

In the case of the *UK* telecoms company *BT*, the company relocated customer service work to two call centres in India, a move opposed by the engineering trade union. In response the company subsequently signed a ‘landmark’ deal with the union covering call centres and ensuring that core on-line customer services functions such as sales, service, billing and repair work continue to be performed in the *UK*, and defining those functions that the company can source remotely. The agreement increases the proportion of jobs undertaken by permanent employees in *BT*’s *UK* operations and there is renewed commitment to ‘establishing and maintaining high standards in our India operations, and to pursuing best practice in employee relations’.

## **2.3 Social dialogue: a summary**

The idea of social dialogue arises from the European Social Model and relates to how social partners, typically management and trade unions, should cooperate, especially during restructuring processes. Where the impact of change will be great within a particular local area, third parties such as public authorities may also be involved. Whilst there are individual national as well as European legal frameworks that cover these interactions, there is also a strong business case for ensuring their effectiveness as cooperation between the social partners will tend to minimise costly disruptions during change.

For social dialogue to be effective, it must be timely, active, collaborative and through trade unions, fully engage the workforce to be effected by restructuring. It should be undertaken at the appropriate

organisational levels, from the local to the European. Social dialogue must rest upon a realistic understanding of the positions of both partners, which may involve an honest appreciation of the economic impact of processes such as liberalisation and privatisation. It should also be an undertaking that is monitored and evaluated throughout. For social dialogue to be properly effective, trade union representative should have adequate time and resources to fully engage the workforce in the impact of restructuring.

Social dialogue is particularly important in SMEs, outsourcing activities, and where a significant number of agency or temporary workers are involved. It can also help in the establishing of novel responses to sectoral restructuring, such as labour pools.

## **2.4 Checklist for social dialogue**

- Are all managers aware of existing legal provisions consultation between employers and employee representatives regarding restructuring?  
*Tick*
- Are the origins of the main drives for organisational change clearly articulated and commonly understood by the social partners, e.g. privatization, liberalisation, technological change, mergers and takeovers etc.?  
*Tick*
- Has the *process* of social dialogue over restructuring been planned and agreed between the partners prior to discussion?  
*Tick*
- Have managers been trained in dealing with the restructuring process?  
*Tick*
- Has there been any joint training between the social partners in dealing with the restructuring process?  
*Tick*
- Are there established structures for social dialogue at different levels of the organisation, e.g. European Works Councils, national works councils, company economic committee etc and are these appropriate for consultation over restructuring.?  
*Tick*
- Are there provisions and mechanisms for employee representation at all levels of the organisation over restructuring?  
*Tick*
- Do the employers and employee representatives have agreed information and/or discussion rights concerning expected or proposed organisational change?  
*Tick*
- Have the social partners established a dedicated and ongoing forum within which the process of restructuring can be discussed, planned, implemented and/or evaluated, e.g. a restructuring unit or team?  
*Tick*
- Are there third parties that could or should be involved in the process of social dialogue, e.g. local, regional or national public authorities?  
*Tick*
- Have the trade unions had the opportunity to suggest alternatives to restructuring or to redundancies in the process of restructuring?  
*Tick*
- Are the social partners being realistic in the positions they take during social dialogue, e.g. are issues that may be beyond either partners' control sidetracking dialogue?  
*Tick*

- Have structures been put in place so that the process of restructuring can be monitored and evaluated by the social partners, e.g. is there a `permanent reference group` (Vattenfall, see appendix) established?

*Tick*

- Do employee representatives have adequate time away from the workplace for social dialogue preparation and to consult with their constituencies?

*Tick*

- Will organisational change effect agency or temporary workers, and are they adequately represented within the process?

*Tick*

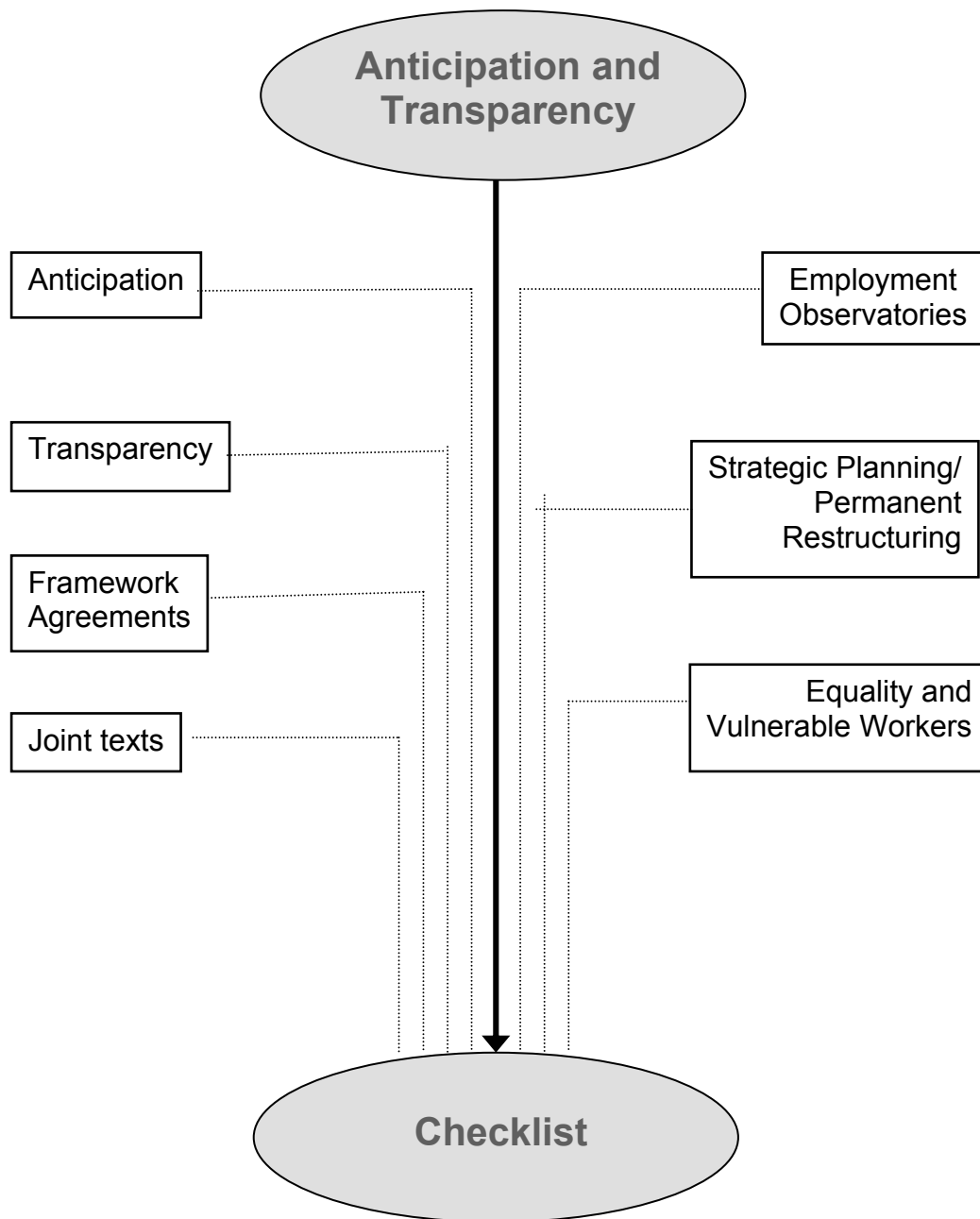
- Have the social partners considered a range of possibilities, such as creating labour pools, to mitigate the possible effects on employment during and after organisational change?

*Tick*

- Have the social partners considered the effects on workers of outsourcing non-core company activities during organisational change?

*Tick*

### 3. Anticipation and Transparency



### **3.1 Why anticipation and transparency are important**

Anticipation, the early provision of information and transparency, are all necessary to establishing trust as a basis for consultation. There is evidence that companies that can adjust to a changing environment are more likely to survive and to sustain employment<sup>xiii</sup>. A number of companies now engage in permanent organisational restructuring, particularly in sectors facing continued technological change and competition. A strategic approach can allow companies to address the longer-term employability of workers before restructuring forces the issue, taking responsibility for equipping workers to adapt to changing skill and technological requirements. It can facilitate the redeployment of staff in response to planned skills needs and prevent compulsory redundancies. Social dialogue is not therefore a crisis reaction to short term challenges of restructuring, but part of a wider dialogue between the social partners which recognises change as an essential part of organisational life and addresses strategic issues such as employability.

In the *UK* there have been cases where job losses were announced on the stock market, and workers received the information from newspapers - union involvement occurred past the point of decision-making. It stands to reason that if discussions on restructuring are undertaken early enough then the room for manoeuvre between the parties improves dramatically.

By anticipating and understanding wider industrial and economic trends and change, the social partners increase their capacity to influence possible outcomes and, in doing so, are able to adapt at an organisational level. Anticipation, by both sides enables the parties to develop their capacity to respond to challenges and manage them more effectively. Individuals, like organisations, can deal with change best when it is planned and there are arrangements in place to deal with it. Change management can, in the longer term, enhance the organisation's competitive advantage and profitability, with minimum social costs.

Proper anticipation enables parties the time to gather information and to analyse and reflect. It also provides an opportunity to formulate more imaginative and creative responses to the challenges that change presents and to the social impact of economic restructuring. These responses might range from process and product innovation to different patterns of working or retraining. This kind of approach seeks to balance the economic, social and environmental issues within the restructuring process.

### **3.2 The transition to a low carbon economy: a particular case for anticipation**

Representing 24 per cent of the total greenhouse gas emissions from the 15-member EU<sup>xiv</sup>, there is no doubt that the European electricity industry will be disproportionately affected by the proposed reductions in CO<sub>2</sub> emissions and this, in turn, will have a dramatic impact on employment both in terms of job numbers and job functions. With the growth in various types of renewable energy, the social partners will need to consider ways of ensuring a smooth transition from today's industry to the kind required by consumers in the years ahead.

One study suggested that in *Germany* alone job losses could amount to 17,000 and this was as a result of a reduction in demand for energy of just 10 per cent<sup>xv</sup>. In addition to the potential loss of jobs is the 'substitutional' factor - that is the likelihood that one job within the emerging electricity industry can be technically performed by someone trained in the current electricity sector.

Research carried out by the ETUC<sup>xvi</sup> suggests that in the European Union, measures to reduce EU CO<sub>2</sub> emissions by 40% by 2030 will probably not have a negative net impact on employment, but rather a slightly positive one. In addition, the research goes on to say that policies aimed at reducing the impact of global warming will substantially change the supply and demand of jobs and qualifications within the energy sector. Crucially, across all sectors jobs will be created in those companies that adapt and take advantage of opportunities, created by climate policies, and jobs will be lost in companies that do not. However job losses and gains will not be evenly distributed across all sectors. For instance Carbon Capture technology, if introduced at coal-fired power stations, could increase jobs on these sites. Conversely increases in, for example, the capacity of nuclear energy production could mean gains in employment for those near that site, but could mean job losses for those working elsewhere in redundant energy producing processes.

### **3.3 How can the issues of anticipation and transparency be addressed?**

#### **3.3.1 Anticipation**

Permanent internal company level structures, such as regular joint union and management meetings are ideal mechanisms within which the employer and unions can attempt to anticipate and manage change. Works Councils, European Works Councils and Information and Consultation provisions at European, national and sectoral levels all seek to serve this purpose and will all support discussions between employers and trade unions in this regard. The central component to anticipation is open, continuous discussions between the social partners.

Social dialogue should not be seen as an activity in which employers and trade unions engage at the point at which restructuring is inevitable or actually occurring. Continual information disclosure on company performance and plans is essential to social dialogue and anticipation of the need for restructuring activity. However the timing of discussions is also a vital component in social dialogue within restructuring. Offering employee representatives the opportunity to enter into discussions is of little practical use if there is insufficient time for the representatives to read, digest, discuss documents and then return to the employer with a view on them. In some cases it is suggested that stock market rules and commercial sensitivities prevent companies from engaging trade unions in restructuring discussions at an early stage or from communicating plans to the workforce, but these should not be used by employers as an excuse for them to avoid communicating important information.

Because it is often difficult to know when to begin discussions, communication between the social partners should occur on an ongoing basis. A Trade Union national official stated in their response to the survey, “one difficult area is when do the unions get involved in the planning or thinking process? If it’s too early, then it’s speculative, if it’s too late it’s ‘fait accompli’. Ideally trade unions should have the opportunity to influence management thinking without compromising their subsequent policy stance”. This means that perhaps employers and unions should be free to discuss the issues at stake, without necessarily being held too rigidly to any views expressed in these discussions. This type of comment illustrates the need for trust and honest relations between employers and trade unions.

Communication is vital throughout the entire restructuring process and this must be a two-way process – to and from both the employer and trade unions. In the case of *Electricité De France*, the employer ensured that the firm’s restructuring strategy was firstly communicated through the trade union and then to all employees through regional directorates for employment. In addition, information relating to employees’ skills needs is communicated on an ongoing basis. This approach ensures transparency and paves the way for effective dialogue as everyone is receiving the same message and can then contribute to the process. In the case of *Electricité De France* the Works Council discussed a social plan ensuring a minimum level of treatment at an early stage in the process. Early discussion meant greater stakeholder support and ‘buy-in’. EDF also offers degrees of financial compensation, assistance in finding accommodation and assistance in finding employment for the employees’ wife or husband. These incentives were part of an internal mobility agreement made between EDF and the trade unions (See Appendix 1).

In *France*, legislation states that all companies employing 300 or more workers must, every three years, establish negotiations on anticipation of skills and the management of labour (*gestion prévisionnelle des emplois et des compétences* or GPEC). In line with this Suez and the trade unions have reached a comprehensive agreement on how the parties will undertake joint work to address all matters related to GPEC. The agreement has a number of sections and includes:

- General principles – processes for supporting dialogue at European, country and regional levels
- GPEC Systems – forecasting and inventory processes
- Management, recruitment and training of staff – recruitment, and training policy
- Mobility
- Personal development of employees aged 45 and over
- Physically demanding work

In *Poland*, *Electrownia Laziska* appointed a Restructuring Unit specifically to deal with the entire restructuring process from the legal aspects through to the financial and technical, headed by a Deputy Director for Structural Transformation Affairs. The concept of a specifically appointed 'restructuring team' might be useful in creating a central point to which all trade union and wider workforce issues could be directed and would promote both anticipation and transparency. In the case of this company, it was seen as essential that the team involved Government representatives, in particular the Ministry of the Economy, to help the company predict the likely changes for 5 to 15 years ahead.

In the case of *CEZ* the company undertakes social dialogue with the trade unions on a monthly basis, allowing good relations to grow between the parties and, hopefully, minimising surprises and maximising opportunities for interventions, at an early stage. In the case of *Enel*, in *Italy*, collective bargaining arrangements, established between the unions and employers, permit good company-level industrial relations and help the social partners through any restructuring process. This process was introduced to improve the legal framework that already existed in *Italy* and illustrates what improvements can be made, by the social partners, over and above the legal framework. These types of agreements are useful in that they ensure an additional level of consultation that can help anticipate change.

### **3.3.2 Transparency**

If the processes and structures that result in redundancies or redeployment are to be credible and legitimate, then they need to be seen to be so. Allowing scrutiny of the selection process and an adequate appeal procedure is central to maintaining good relations between employers, trade unions and the workers affected. A lack of transparency and adequate consultation may result in the delaying of the restructuring process, costing the employer money and needlessly undermining the confidence of the workforce affected by the process. If the process of restructuring is opaque or perceived as so, then there is a greater likelihood of action by those individuals affected by it – for instance appeals delaying restructuring.

Safeguarding equality throughout restructuring can minimise legal challenges disrupting the process, but also is essential to ensure employee confidence in the selection process. Rules on selection for redundancy vary across countries. *German* law prescribes social criteria in terms of age, seniority and family responsibilities with a mechanism giving points for each – such decisions can be legally challenged. *French* law establishes a non-hierarchical list including age, professional skill, and family – these criteria are fixed and are the subject of consultation with the Works Council, although such discussion is not binding. Discussions at the EWC gave rise to another criteria in the case of closure of the GS VX textile factory in *Chambery*. There was disagreement over the criteria for redeployment, with the criteria finally decided upon in decreasing order of importance of adaptability, family responsibility, age and seniority (MIRE).

In contrast, in *Sweden*, employees are not guaranteed any individual rights that can be defended in the courts. Instead the unions represent the rights of individuals. The central tenet of labour law is the so-called 'seniority principle' stipulating that decisions on dismissals should be based on the time that the employee has been employed at the company. Thus the Last in First Out (LIFO) principle that those who last joined the organisation should be the first to be made redundant is mandatory under *Swedish* employment law. Whatever the view of this process, it does offer some insight into how methodologies for selection of redundancy, if seen to be fair and applied consistently, can achieve the support of the workforce and offer employers and unions the opportunity to detach themselves from the decision to make an individual redundant, or the avoid having to select specific individuals for redundancy. It is important to keep the criteria for redundancy as wide as possible and to ensure that agreements take into account more than simply the business needs of the company involved. For instance, by bringing into the criteria for redundancy issues such as number of dependents and disability in addition to adaptability and skill levels an employer is more likely to establish a transparent method of selection, which will be supported by the unions and workforce. This will save the employer time and money when, or if, the decision to make workers redundant is taken.

There are two essential components to transparency - trust and time. The latter is sometimes difficult to find as the nature of the restructuring means that events are moving quickly. It is important that, once a decision is made, the employer or the social partners, or both jointly, communicate this to the workforce as soon as is practically possible. Delays in this can often result in rumours circulating within the workplace, which can unnecessarily undermine confidence and the morale of all employees.

One response to the survey suggested that employers and trade unions should map out the intended process of restructuring and allow this to be made available to employees. Offering workers an insight into the processes involved in restructuring can promote transparency.

If the sector is to continuously change and adapt to ensure its competitiveness and survival, it will be necessary for employers to have access to information setting out their current workforce skill mix and competency gaps, but also the skills necessary for the future. Employers will need to be aware of skills gaps and shortages within the workforce so that employees can be retrained and redeployed on a continuing basis. For further information see the *Vattenfall* and *EDF* case studies on page 21. This requires comprehensive training and retraining programmes. Workplace trade union representatives will be able to help with this process – see Lifelong Learning in Chapter 4 and the role of Union Learning Reps in the UK.

The case study of *ESB* demonstrates how anticipation and planning help restructuring.

#### ***Electricity Supply Board (ESB) – Ireland***

10 years before market opening, representatives from the Department of Transport, Energy and Communications, *ESB* and the relevant trade unions negotiated a tripartite agreement (Cost Competitiveness Review, 1994) to manage job losses and cost reductions. This included a Voluntary Severance Scheme, which featured career counselling, job search services and retraining. The review was followed by a similar scheme, the Programme to Achieve Competitiveness and Transformation (2000) to address the realities of actual competition. All job losses throughout the period (around 4000) were managed without compulsory redundancies, and both *ESB* and the trade unions felt process had been a success.

### ***3.4 Mechanisms, which can help to promote anticipation***

#### ***3.4.1 Framework agreements***

A number of companies and trade unions have established International Framework Agreements (IFAs) to promote better employment relations, and these include *RWE*, *EDF* and *Suez* (see Further Resources section at the end of this report). While not all companies will seek to establish IFAs, where they exist they can be used as one tool to promote social dialogue. The most common themes covered by IFAs are:

- Social / trade union rights
- Social responsibility of the employer in context of restructuring
- Health and safety
- Skills and training
- Gender equality

Given that a key reason for trade unions and employers reaching these agreements is to improve social dialogue, and to promote a number of principles of labour relations and conditions of work<sup>xvii</sup> then existing IFAs should look to incorporate a specific policy on supporting ongoing social dialogue, especially so during restructuring.

The following two case studies are taken from the TRACE project and serve to illustrate how Framework Agreements can secure greater involvement from the social partners in terms of training and re-skilling.

### **The Rhodia Agreement**

In January 2005, a global social responsibility agreement was signed at the *French* chemicals multinational, *Rhodia*. Apart from the ILO Conventions and the UN Global Compact, this agreement contains a number of commitments.

For example, the section on mobility and employment opportunities affirms the right of employees and their representatives to be informed as soon as possible about restructuring exercises, and emphasises the need to minimise the impact on employment and working conditions.

The Rhodia agreement also encourages internal mobility and provides commitments to training and preparing its employees for new occupations, technologies and skills development.

### **The Total Agreement**

An international framework agreement was signed by *Total*, the *French* energy multinational, in November 2004.

The section of the agreement dealing with training stresses the importance of encouraging national managements, in cooperation with local employees' representative bodies, to anticipate technological, industrial and environmental change and to anticipate new training needs.

Other sections of the agreement guarantee that changes in the structure of the company that are likely to have an impact on employees will be discussed at an early stage and, in the case of closure, the company will ensure that measures for internal or external redeployment are taken at local level.

Total will at the same time implement measures to attract new investments in areas affected by restructuring, in order to alleviate the economic impact.

Within the electricity sector *RWE* and *Suez* have reached specific agreements with trade unions, and *EDF* have introduced a policy intention, designed to support social dialogue.

### **The RWE Agreements**

RWE has two agreements – one establishing the European Energy Forum and the second sets out the role of the social partners when restructuring takes place. Both agreements have been adopted in German law and are therefore legally enforceable.

The Energy Forum consists of members of the RWE EWC and representatives of the company. The Restructuring agreement – the Agreement on Validity of Minimum Standards for Restructuring in the RWE Energy Sector - sets out the minimum standards for dialogue over restructuring and defines the process of information and consultation. The function of this agreement is to allow employee representatives the opportunity to discuss with the employer the company's plans for restructuring. In essence the Restructuring agreement seeks to offer the employee representatives the opportunity to anticipate change and formulate responses and for the effects of restructuring to be minimised. The agreement ensures that the employer brings any plans for future change to the employee members and adequately informs and consults with the employee representatives.

In the agreement, restructuring is defined as:

- Closing of operations
- Relocation of operations
- Fundamental changes in work organisation (e.g the introduction of new technologies)
- Outsourcing of fundamental parts of the enterprise
- Collective dismissal and shutdown of production
- Sale and spinning off of fundamental parts of the enterprise

The agreement also states that consultation with employee and trade union representatives must take place in time and that the employee representatives should have the necessary documents to enable them to formulate their response ahead of the planned restructuring.

### **3.4.2 Joint texts**

The social partners within the sector already work together on a number of initiatives and have already signed up to a number of joint texts, covering:

- Corporate Social Responsibility – includes a recognition of the importance of social dialogue
- Lifelong Learning – this enables adaptation by the workforce following restructuring
- Equal Opportunities - important in relation to discrimination during
- selection and subsequent redeployment

All three issues will be raised during discussions over restructuring and so ought to be considered by union representatives and managers on a continual basis, and especially throughout the restructuring process. For information of where the texts of these agreements can be found, see the Further Information (Appendix 3) at the end of this report.

### **3.4.3 Employment observatories**

Getting information on the trends and patterns of employment within the electricity sector will, again, support anticipation and allow the social partners to react quicker and in a rational, well researched way, reducing any negative impact upon the business and the workforce.

Employment observatories can be useful bodies for the social partners in examining trends and predicting future patterns of employment and changes in demographics among the workforce of a particular sector or among the population as a whole. The best known observatory is the European Employment Observatory (which can be found at <http://www.eu-employment-observatory.net>). This is a European Commission funded initiative that “contributes to the development of the European Employment Strategy through the provision of information, comparative research and evaluation on

employment policies and labour market trends in the countries covered by the EEO. The EEO improves the information base for policy makers of the European Employment Strategy and other stakeholders<sup>xviii</sup> The site contains a library of documents on a variety of subjects, across a number of sectors.

### **Observatories in France**

In 2000, the *French* Government established the Public Service Observatory specifically to enhance dialogue and discussion between public sector employment decision makers. The French Public Service Observatory can be found at <http://www.fonction-publique.gouv.fr>

In the case of *Electricité de France*, the employer established structures to enable it to better deal with the future. The company divided France in 8 areas reflecting major labour markets. In each area a Regional Directorate for Employment was established (2004) which operates an Observatory providing an overview of HR needs and resources in the region. Each is responsible, through a central budget, for organising employment and maximising employee mobility within each region.

### **3.4.4 Strategic planning and ongoing restructuring**

In the early 1990s, *Vattenfall* changed from a civil service department in the business of delivering electricity to a company based on commercial, market driven principles. To enable good planning and anticipation, well before entering the liberalised market, the employer felt that the new company would have to lose around 1200 jobs (out of 10000) to remain competitive. As job losses had never been experienced before both employees and their representatives were apprehensive about the impact. To manage this change, the company established an `expert group` which, in close collaboration with the trade unions (*SEKO*), designed strategies to both avoid redundancies and achieve workforce reductions in cooperation with the trade unions.

The Group delivered a multifaceted program (support programmes, compensation for employment outside the company, start-up subsidies, relocation expenses, training support etc.) to the senior management. This was followed by an extensive campaign to inform union representatives and employees all across the company.

The *Vattenfall* experience can also illustrate how employers can take innovative approaches to empowering trade union representatives to actively participate in the restructuring process. In this example, a training program was established for trade union reps, human resource managers and other managers on how to manage change. Whilst this was broadly welcomed, naturally the redundancies were not well received. According to *Vattenfall* representatives, the success of managing change was the result of a systematic and continuous forecasting and identification of competence gaps at all business levels, the close collaboration with employee representatives and the monitoring of the process of change through a `restructuring reference group`. The reference group, which includes representatives from the restructuring project, trade unions and human resource managers meets 4-6 times a year and considers all measures undertaken so far. This illustrates the importance of continuous dialogue, anticipation and evaluation.

### **3.4.5 Equality and vulnerable groups**

Thought must be given to the impact of restructuring on particularly vulnerable workers, for instance single parents or those families from which both parents are employed in the firm. Care must also be taken to ensure any decisions are transparent particularly when dealing with vulnerable workers. In addition, it is worth considering the impact of restructuring upon the health of the workforce (see chapter 6). Often only full-time and permanent employees are eligible to access health benefits. The inclusion of individual workers with insecure and marginal employment i.e. temporary or agency workers, into the scope of health promotion at work is worthy of consideration. Trade unions can also play a role in ensuring equality of access to training by monitoring, from within their local workplace structures and by eliciting the views of particularly vulnerable employees – for further information see Chapter 4 on Training, Retraining and Redeployment.

To highlight the importance of diversity Suez produced a report titled `Working for Women` (see Further Information at the end of this report). The report highlights the importance of diversity at work

and explains how the employer ensures that women are supported throughout their career, within the industry, and how companies can remove barriers that can prevent suitable women workers reaching senior positions within the company, ensuring that the industry is attractive to female candidates and examining work methods that often prevent women taking up work in the electricity sector. The company also pledges to tackle workplace discrimination and offer support for those with disabilities. In addition, the EWC and the trade unions have agreed a framework agreement with *Suez* on diversity and responsibility, which places actions upon the company with clear targets and indicators.

### ***3.5 Anticipation and transparency: a summary***

Adequate anticipation and transparency will engender trust, a central component in successful restructuring processes. This is especially the case where restructuring has become an ongoing process and is effectively part of organisational life. Formal and permanent bodies, such as works councils, EWCs and sectoral organisations, will help develop this. Organisations will always benefit from change that has been thoroughly planned, and this in itself may help produce responses to change that are positive. Give the sector's involvement in the transition to a low carbon economy, such forward thinking should become a habit for those involved.

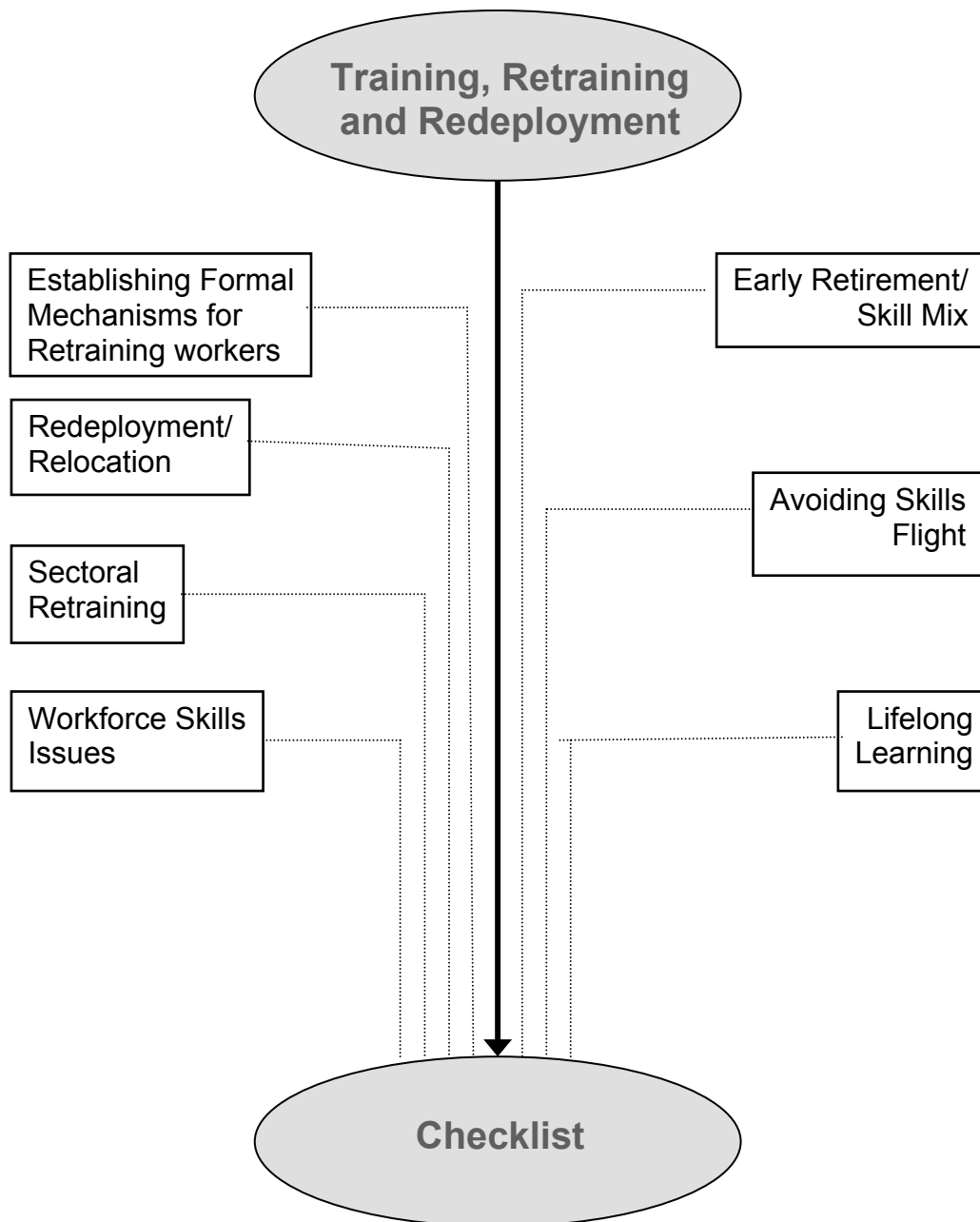
Specific decisions that effect the workforce, such as involuntary redundancies, must be open and seen to be credible. Whilst these may be driven formally by national legal frameworks, they should also always be communicated to the workforce in an open and timely way.

Anticipation and transparency during restructuring may be facilitated by establishing an number of dedicated structures and specific interventions. These may include framework agreements and joint texts between the social partners that concern areas such as CSR, lifelong learning and equal opportunities, employment observatories that chart employment trends, and strategic planning for continuous change will all assist in creating an open environment within which restructuring may be managed. Interventions, such as identifying vulnerable groups within the workforce, will also help here.

### **3.6 Checklist for anticipation and transparency**

- Is there timely information exchange between the social partners about the health of the organisation and possible threats and opportunities?  
*Tick*
- Is the company geared to permanent restructuring in the context of economic, industrial and environmental change and their impact upon the workforce?  
*Tick*
- Is there dialogue over future skills requirements and retraining and redeployment in the light of these?  
*Tick*
- Are managers trained in the anticipation and management of change?  
*Tick*
- Are there recognised channels through which communication occurs between all those potentially affected by organisational change, e.g. HR and business management, trade union and other employee representatives, employees etc.?  
*Tick*
- Are there potential barriers to information exchange because of the possible commercial sensitivities of such changes?  
*Tick*
- Is there an atmosphere of trust and honesty between the social partners that allows the necessary flexibility to explore potential solutions in advance of organisational change?  
*Tick*
- Is information and representation on possible organisational change available to those who may be affected, i.e. employees facing possible redundancy?  
*Tick*
- Given the equality legislation in your country, is the process of selection for redeployment, retraining or redundancy selection seen to be consistent, fair and equitable?  
*Tick*
- Have the criteria for selecting employees for potential redeployment, retraining or redundancy been set as widely as possible, i.e. not just limited purely to the business needs of the company?  
*Tick*
- Have the social partners referred to International Framework Agreements or previously agreed joint texts in their discussions on how to approach organisational change?  
*Tick*
- Have the social partners established or referred to Employment Observatories that can provide information on employment trends, demographics and/or HR needs within the sector?  
**Tick**

#### 4. Training, Retraining and Redeployment



#### **4.1 Why training, retraining and redeployment are important**

Long-term workforce planning and development are integral to effective restructuring. Thus the social partners should engage in discussions over the future skills profile of the sector and organisation and consequently over training, retraining and up-skilling well before any restructuring process. These not only equip workers for redeployment within the organisation, but for longer term employability beyond the organisation. This highlights the need for a strategic long-term commitment to continuous lifelong learning for workers, rather than the introduction of retraining as a short-term response to workplace closure, outsourcing or other reorganisation. Succession planning is also an important part of this because it enables the social partners to minimise any 'Skill Flight' when older workers exit an industry, taking with them precious skills and knowledge without having had the opportunity to pass these on to younger workers. The anticipation of future skills requirements is fundamental to minimising the potentially negative impact of restructuring, no less so than in the context of the transition to a low carbon economy. It is expected that the transition to low carbon economies will bring about a higher demand for more educated and skilled workers and a reduction in the number of unskilled positions. This is likely to require a response at regional and national government level as well as by the EU. In addition there is a view that jobs within newer companies "in particular in renewable energies and energy services, tend to be less well-paid and enjoy less secure conditions of employment than in established branches"<sup>xix</sup>.

#### **4.2 How can the issues of training, retraining and redeployment be addressed?**

##### **4.2.1 Establishing formal mechanisms for retraining workers**

Once the decision has been made to reduce or to change the nature of jobs in an organisation it is possible for the social partners to work together to establish mechanisms to maximise the possibilities for the affected workers in finding alternative employment. One respondent to the survey stated that a worker had been given 42 weeks retraining to become a qualified electrician following restructuring. Again, as with all discussions during restructuring, timing is essential to ensure good relations between both parties and that the workforce benefits from these discussions. Good anticipation is an essential requirement for a robust lifelong learning strategy.

In the case of *Vattenfall* in *Sweden*, below, the emphasis appears to be on individualising the training and support offered to affected workers to enable them to take up employment in a new trade. In addition the *Vattenfall* example illustrates how companies can retrain and retain their employees and of how its employees were no worse off, in monetary terms, if they were unsuccessful in finding work of a similar salary to that of their redundant post.

##### ***Vattenfall* in *Sweden***

After negotiations with the Trade Unions, the company established an internal intermediate support organisation called 'Steget' to assist redundant staff to find employment, the aim of which was to process 445 individuals at a cost of SKR 205 million. Staff was moved from their usual work place to one of 5 Seget units to 'work' full time to find re-employment.

Each person was initially assessed (skills, qualities, goals, aspirations) which led to a tutor creating a development plan on options for training for a new profession or trade, Higher Education, training for self-employment. To assist individuals to find work within the company, a bi-weekly job journal was published on the company's intranet, and all new jobs had to go through a 'redundancy pool' to see if any of Steget's members would be suitable. Steget also made up the salaries of those who found lower paid work through its help.

There are other innovative examples of how companies have supported redundant workers following retraining. In the *Electricité de France* example, below, the company offered 'seed capital' to support individuals establishing their own businesses.

#### ***Electricité de France in France***

EDF established a Central Advisory Unit in Paris to assist the 300-500 people per year whose occupations are in decline in the company and who do not wish to relocate or change position. The unit assisted former employees to find work elsewhere or to start their own businesses. With regard to the latter, the 4 staff helped define business plans and approached banks for financing. EDF also offered a minimum `seed capital` to get started.

#### **4.2.2 Redeployment and relocation**

Redeployment is a way of moving employees from areas of the organisation that are uncompetitive and contracting to those which are stable or growing – this generally involves re-skilling or retraining employees whose jobs are redundant.

#### **Redeployment in UK National Grid in United Kingdom**

In the *UK National Grid* has had several reorganisations and always deploys a full range of measures, including voluntary severance and early retirement. In particular it has a joint body called the Vacancy Monitoring Panel. All surplus staff i.e. those wanting redeployment but for whom no vacancy has been identified are placed on register which is jointly monitored, between trade unions and the employer, on a quarterly basis. All staff on this register are given a Human Resource contact as their `case manager` and the lay union representatives are updated as people move on and off the register. This process has been very successful in managing staff reductions humanely.

Redeployment may involve relocation. For instance in a survey returned from *Elektrownia Laziska in Poland*, a management representative outlined that the company will offer to redeploy individuals to other power plants across the country, so there are no limits placed upon the location of the those offered redeployment. As well as redeployment, some firms such as *Electrica in Romania*, also offer individuals affected by restructuring help and support in setting up their own companies.

#### **4.2.3 Retraining at sectoral level**

The issue of retraining may be approached on a sectoral basis. The following case study highlights how the social partners in the Netherlands worked together to introduce a package of, in some instances rather radical, measures to help those affected by restructuring.

#### **Abvakabo FNV (Trade Union) in the Netherlands**

The trade unions and employer organisations were equally concerned by research into the effects of liberalisation in the electricity sector in the *Netherlands*. *Abvakabo FNV* commissioned further research which generated 12 recommendations, including employees being able to move with outsourced jobs, the setting up of supportive `social plans` for employees at risk, a reduction in the working week in the sector, an increase in energy production in the *Netherlands* and the diversification of company business functions. One recommendation concerning the education and development of employees was taken up by the social partners involved and resulted in an industry funded Education and Development Fund to retrain employees. The fund was established in the context of further job reductions not being funded through early retirement.

Related companies have also joined forces and have introduced their own Academies, tailored to meet the specific needs of the organisation, as seen in the below case.

#### **Centrica and British Gas in the United Kingdom**

In the *UK* gas sector both *Centrica* and *British Gas* have established task-specific academies for its staff. *Centrica* has developed a call-centre skills training academy, which has included recruitment from outside the industry, whilst *British Gas* has founded an Engineering Academy to train gas engineers in current technology

#### **4.2.4 Workforce skills issues**

There are a number of issues to consider with regard to workforce skills when anticipating restructuring, including:

- What are the skill levels of those workers affected by the restructuring?
- Are there older workers affected by the restructuring who wish to leave the organisation?
- What are the cost implications for the company of offering older workers early retirement? A consideration here is that early retirement, often subsidised by pension funds, is now no longer viable in many countries.
- If these older workers accept early retirement, what will the impact be upon the organisation's skills mix?
- Are there other groups of workers who could improve their skills to replace the older workers accepting early retirement?

#### **4.2.5 Early retirement and the skills mix**

Compensation has historically been linked to age and length of service, with the widespread use of early retirement in restructuring. Allowing older workers to retire without having given sufficient thought to the skill make up of the remaining workforce can have detrimental effects on the future of the business or on the remaining, and future employees. Any system that permits employees to retire early ought to be linked to the firm's long term business strategy to ensure that 'skill flight' does not leave the business with an insufficient skills mix in years to come.

Demographic changes across Europe mean that employment strategies aim to retain older workers within the labour market and to extend rather than shorten working lives<sup>xx</sup>. Standard retirement ages are thus likely to increase. At the same time EU legislation on age discrimination is currently being transposed into domestic law and this may challenge age-based retirement provision and such developments may increase the scope of the parties to negotiate. Historically the high demand for generous voluntary redundancy, largely early retirement, packages have meant that the scope for collective action and negotiation is often circumscribed. It is a possibility that in the future, instead of compensating for withdrawal from the labour market, compensation should in fact reflect the cost of re-employment in terms of retraining or re-skilling. Potentially this could address some of the equality issues raised by the approach based upon seniority (see the case of LIFO in *Sweden* in Chapter 3). However change may be controversial as it would deprive some workers of what they might perceive as acquired redundancy rights in their current jobs.

#### **4.2.6 Avoiding skills flight**

The Social Partners should try to limit 'skill flight', that is the movement of skilled workers from industries where their skills are still in demand to other sectors of the economy where their skills are redundant. In the longer term, these workers' skills are lost.

#### **Skills flight in the automotive industry in the *United Kingdom***

Of the 6,000 jobs lost at Longbridge in the *UK*, due to the closure of the *Rover* factory, 2,300 remained out of work ten months after the closure, and manufacturing in the region is expected to fall by a further 10 per cent over the next ten years. However the growth area in this region has been the service sector, offering low skill often low paid jobs<sup>xxi</sup>. Those highly skilled engineers and other workers at Longbridge will be required to retrain and their skills will be lost. Despite this, it may have been possible that a number of those workers from Longbridge, such as engineers, could have been given opportunities elsewhere which require engineering-type skills (see European Observatories, in Chapter 4).

Retaining the skills of older workers brings challenges for the social partners. However, as the following case study from *Vattenfall* illustrates, this can be done - but requires innovative solutions.

### **Retaining the skills of older workers: *Vattenfall AB* in *Sweden***

*Vattenfall AB* continues to struggle to attract younger workers. This had led to three approaches designed to retain their older workers.

Firstly, employees over 58 have the option of working 80% of the Full Time Equivalent for 90% of their wages without losing any pension contributions. Secondly, there is a Senior Resource Pool which highlights the skills and competencies of older workers who are affected by possible redundancies so that other business units can use them. Lastly, the experiences of older workers are retained through using them in a mentoring programme for younger workers. These options are taken where there is an agreement between the employees involved and their managers.

This case study also demonstrates how employers can attract younger workers, and how the experience and knowledge of older, more experienced workers can be retained and transferred.

#### **4.2.7 Lifelong learning**

Within the European Employment Strategy lifelong learning has been presented as a response to industrial restructuring, ensuring that workers displaced by the restructuring or relocation of work, as well as those remaining in employment, are equipped with skills ensuring their employability. In the *UK* the government funded Union Learning Fund was established in 1998 to support workplace learning. Since 2002 unions have had a legal right to appoint or elect Union Learning Representatives (ULRs) to promote learning amongst workers and Union Learning has been effective in engaging 'non-traditional' learners in the workplace. This model is now being extended across Europe; four Arcelor sites in *Germany, Spain, Belgium* and *Luxembourg* are involved in an EU funded project, supported by the *European Metalworkers Federation*. This is promoting the Union Learning Representative model, within the context of a transnational organisation with transnational communication amongst workers<sup>xxii</sup>.

### **Lifelong learning in banking sector in *United Kingdom***

With the closure of a major business unit of a *UK* bank due to off-shoring, the company and trade unions involved developed a 'training bond' which placed the issue of re-skilling on the bargaining agenda. This placed the responsibility for the future employability of their staff on the employer, both in terms of cost and paid time away from work. Whereas previously such companies used private training organisations, here the employer liaised with local higher education institutes and with newly appointed ULRs to ensure that their workers raised their level of general 'employability'. This links well with the notion of 'flexicurity' and utilising local education providers to support workers affected by restructuring.

Union Learning Reps don't only promote workplace learning, they also help unions and employers identify an individual's training needs. Typically the union and employer will work jointly to produce a Skill Needs Analysis that will be distributed via pay slips or handed out across the company by the ULRs. The data is then collected, often anonymously, and trends in skills needs and favoured training courses can be identified. The ULR and employer work together to identify the best training provider, seek funding and organise the delivery of the training – i.e. in the workplace or classroom. Following the training the ULR and employer can then assess the quality of training provision as well as whether the training filled the skill gaps identified by the Skills Needs Analysis earlier. This cycle can be repeated as often as necessary to ensure that all workers who identified training needs, have their needs fulfilled.

As highlighted earlier in the toolkit, social dialogue is a continuous process and the example below highlights how employers and trade unions can be successful in establishing a culture of continuous development and lifelong learning.

### **ENEL in Italy**

In 1999, the `Concertion Pact` established a commitment to a programme of continuous training that would involve the Trade Unions to improve internal labour mobility and to support business diversification. This programme also specifically focussed on retaining women employees. The progress of this was monitored by a joint committee on training and employability.

In 2006 a further agreement on bilateral co-operation and training came into effect that concerned future training needs, including a commitment to training new employees and `life long learning`.

*ENEL* itself has also established a separate training company *Sfera*, a result of merging different technical and professional schools within the company. *Sfera* provides face-to-face, e-learning and on the job training in areas such as foreign languages, IT, management and soft skills, and wider technical and professional training. The training is personalised and focuses on individual job roles. Each employee agrees with *Sfera* what training they will receive.

Privatisation, or liberalisation, present challenges to employers and their workforce that may require different approaches to tackling skills issues. The case study below, from *Estonia*, illustrates how employers have adapted to this.

### **Eesti Energia in Estonia**

Market liberalisation has meant that *Eesti Energia* has lost experienced employees to neighbouring countries where pay and conditions are better, as well as finding that its remaining employees lack the needed skills in languages, energy trading and energy regulations. This has led to changes in traditional recruitment practices.

Whilst expertise has be `bought in` (often head hunted) from abroad, the company has `re-branded` itself as an attractive employer in terms of offering generous pay and the possibility of being involved in a dynamic and structurally important sector. To address the lack of technological skills, the company had participated in employment fairs, open days and work opportunity collaborations with higher education institutes (Tallinn Technical University etc.) as well as sponsoring students to take work exchange programs abroad so that they can gain new knowledge and skills (e.g. in *France* in the nuclear power sector) as well as experiencing the conditions in fully liberalised markets.

Projecting long term skill issues is clearly the preferred method of tackling skill shortages. However *E.On* in *Sweden* found that by supporting its current workforce, particularly those employees who previously had dropped out of the company's training programme, it could quickly plug skill gaps.

### **E.On in Sweden**

*E.On Sweden* has run a project that attempts to identify individuals who dropped out of electricity related education. . The company will support such individuals to complete their studies form the drop-out point. It has argued that this is a quick and cost-effective approach to filling labour shortages in the sector.

## **4.3 Training, retraining and redeployment: a summary**

Long term workforce planning that includes skills profiling and future workforce needs are central to facilitating the employability of the workers and their possible redeployment within the company. Part of any such planning must involve formal retraining mechanisms at both company and sectoral level that integrate with formal redeployment programs.

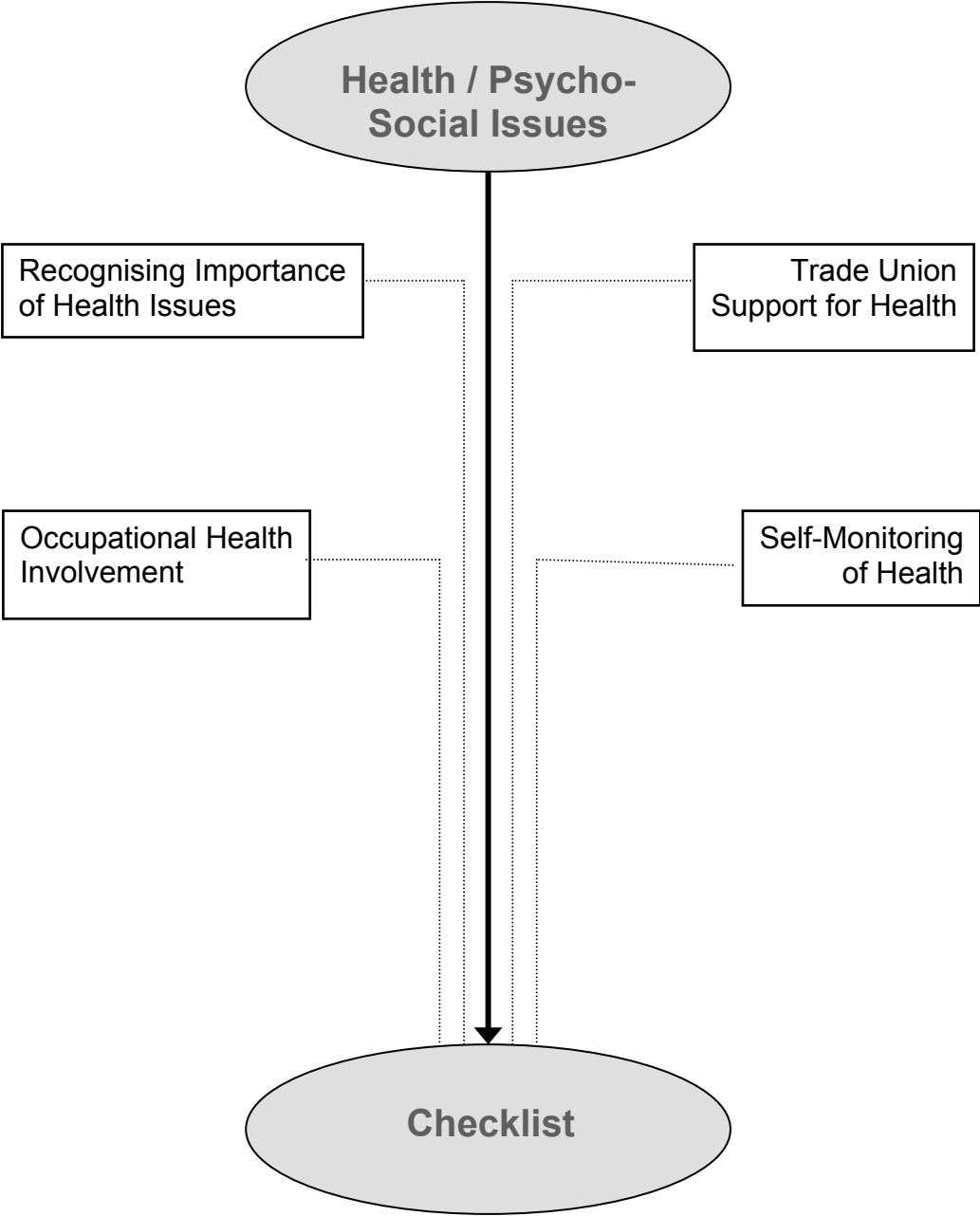
The use of early retirement options during restructuring should be undertaken in conjunction with adequate skill need monitoring within the business because if the balance between these two is not fully considered, this may lead to skills flight within the business that may have detrimental effects in the future.

The promotion of lifelong learning within the workforce will have a beneficial effect with regard to potential skills loss. This has been achieved through trade union learning programs, partnerships with higher education organisations and effective repositioning of companies as being good employers.

#### **4.4 Checklist for Training, Retraining and Redeployment**

- Is there a long-term skills profile for the organisation and a training strategy to meet this?  
*Tick*
  
- Do wider skills forecasts for the sector and anticipating environmental transition inform the organisational strategy?  
*Tick*
  
- Is there a long-term redeployment programme which facilitates the movement of employees from jobs which will become obsolete to areas where there will be demand for skills and is there a mechanism in place to monitor and facilitate such possibilities?  
*Tick*
  
- Are there sectoral mechanisms in place in your country that provide retraining for those effected by organisational change?  
*Tick*
  
- Have the issues of workforce skill mixes been addressed by the social partners in their discussions on organisational change?  
*Tick*
  
- If the use of early retirement strategies has been employed, have the potential risks of skills flight been addressed?  
*Tick*
  
- If the use of generous voluntary redundancy payments have been suggested, has the alternative of using such payments for the individuals retraining been considered?  
*Tick*
  
- Have the social partners considered the potential issue of retaining older workers including i.e. the benefits of retaining older workers, the implications of European and national age discrimination legislation, promotion of life-long learning?  
*Tick*
  
- If the decision to use redundancies during organisational change has been taken, have formal mechanisms been created that will assist individuals to find alternative employment within and outside the organisation?  
*Tick*
  
- Has the use of union learning representatives to facilitate retraining prior to or during organisational change, or within the context of life-long learning, been considered?  
*Tick*
  
- Are there mechanisms to monitor and evaluate retraining programs?  
*Tick*

**5. Health and Psychosocial Issues**



## **5.1 Why health and psychosocial issues are important**

It is important for the social partners to understand the impact of restructuring, upon both the mental and physical health of individual workers affected, as well as upon the organisation as a whole. Stress as a result of uncertainty or insecure employment may manifest itself in terms of ill health, but can also impact on the performance and efficiency of the business. Restructuring can uncover and highlight existing health conditions amongst the workforce, but also trigger new problems. In addition, the social partners will need to be aware of the impact of restructuring on the health of those workers who maintain their employment following the restructuring exercise, so-called 'survivor syndrome'. Following restructuring, the workloads of those remaining may intensify and this can have a negative effect on the remaining employees, which may undermine the whole purpose of the restructuring operation, compounding the ill-health effects on the employees and placing severe strain upon individuals, their relationship with their managers and the entire organisation. It is often assumed that employees will be able to manage the process of transition, immediately following restructuring, themselves. Yet evidence shows that recovery rates vary and that help and support is required for individuals following the upheaval of total job loss or the transition from one part of the company to another.

As research has shown (MIRE) health promotion at the workplace prior to restructuring can create a culture of health awareness among employees, which in turn enables employees and their employer to adapt and to cope with change. Yet, despite the potential benefits, Occupational Health Services are not universally accessible and do not always include preventive health promotion initiatives.

## **5.2 How can health and psychosocial issues be addressed?**

### **5.2.1 Interventions in the workplace**

There are examples of social partners working together to minimise unnecessary stress on individuals and the company they work for. As with other issues dealt with in this Toolkit it is vital that thought is given, to the potential impact on workers' health, well ahead of any restructuring exercise, in order to minimise stress and other side effects.

The case study below, provided by the *Austrian Association of Electricity Companies*, illustrates the type of support employers can give to those affected, detrimentally, by restructuring.

One company acknowledges that change is a continuous cycle and in response the company has an obligation to assist the workforce with preventive measures. During the restructuring process employees are provided with some special health training and coaching. The focus within the company is about generating a modern and healthy workplace, hence the company applied for the "workplace health promotion" certificate, which it was awarded in 2006. In order to succeed in gaining this award, the company was required to meet a number of criteria and the following measures were taken:

- Cooperation with National Health Service and FGÖ as support
- Company "Energy Check" (Mobile Health Advice) at all branches
- Training program regarding diverse health topics
- Focus on nutrition, healthy snacks
- Re-education company canteen, Weight Watchers at work
- Fruit and vegetable express, carrot club (for every secretariat)
- Focus on movement
- Fit for Spring and Winter, Fit for Business
- QiGong, Feldenkrais, Nordic Walking

Examples of such initiatives could include rehabilitation initiatives to improve the reintegration of sick workers; sessions to increase the organisations' and individuals' awareness of potential health risks, social support and counselling in redeployment situations, and monitoring of individual employee health. In addition, a number of companies have introduced anticipatory initiatives, which include tools for employees to monitor their own health whilst at the same time allowing the company the means to monitor stress during reorganisation.

Some companies actually employ health specialists to support the integration of health policies within the workplace. For example *CEZ* in the *Czech Republic* directly employs three psychologists as well as a complete health service for all its employees. This resource would be vital during, and after, restructuring. In the case of *British Gas*, individual workers were given the opportunity to call a 24 hour independent phone line to gain advice on health issues.

A further innovative initiative, by an organisation outside the sector, covers the introduction of a 'Health Day' once a year to promote employee health and to enable individual employees to become more aware of ill-health issues, such as stress. The Health Day initiative included information on job safety as well as relaxation techniques, sports, singing and group activities, so too was the promotion of a work-life balance, given the nature of demanding hospital work - long working hours, shift work and high physical and psychological stress.

Of course it is not only employers who offer support. The case study below illustrates what unions can do for their members in times of difficulty.

*Unison*, the public service union in the *UK*, offers its members support in the form of 'Unison Welfare'. This is a charity, run by the union, to assist members with practical issues which can reduce the stress felt by an individual by preventing them from feeling isolated and alone during this process. Unison Welfare is a unique confidential service offering advice and support just for *Unison* members and their families on

- Debt advice
- Listening and support
- Financial assistance
- Breaks and holidays
- Personal advice

The Charity also runs national seminars to help members and their families overcome particular problems and also offers financial support for 'wellbeing breaks'.

There are other good examples from outside the electricity industry that illustrate how companies could monitor the health of their employees, as in the case study from *BT* in the *UK*. In the context of ongoing restructuring and concerns with health and safety issues, *BT* in collaboration with the trade unions introduced a tool designed to identify and address stress throughout its workforce. The Tool (STREAM) was in the form of an on-line assessment on the company's intranet which is widely advertised. The questions concern areas such as work demands, control over the labour process, managerial support, relationships in the workplace, roles and, significantly, change. The completed form identifies those who suffer from or are potentially at risk from stress. The worker is then offered guidance about how to address any arising issues, and further help if necessary through the company's Employee Assistance Programme. Whilst the tool was not specifically introduced because of restructuring, the company with the trade unions have been able to collate the anonymous results as so monitor stress in the workplace, especially in relation to organisational change.

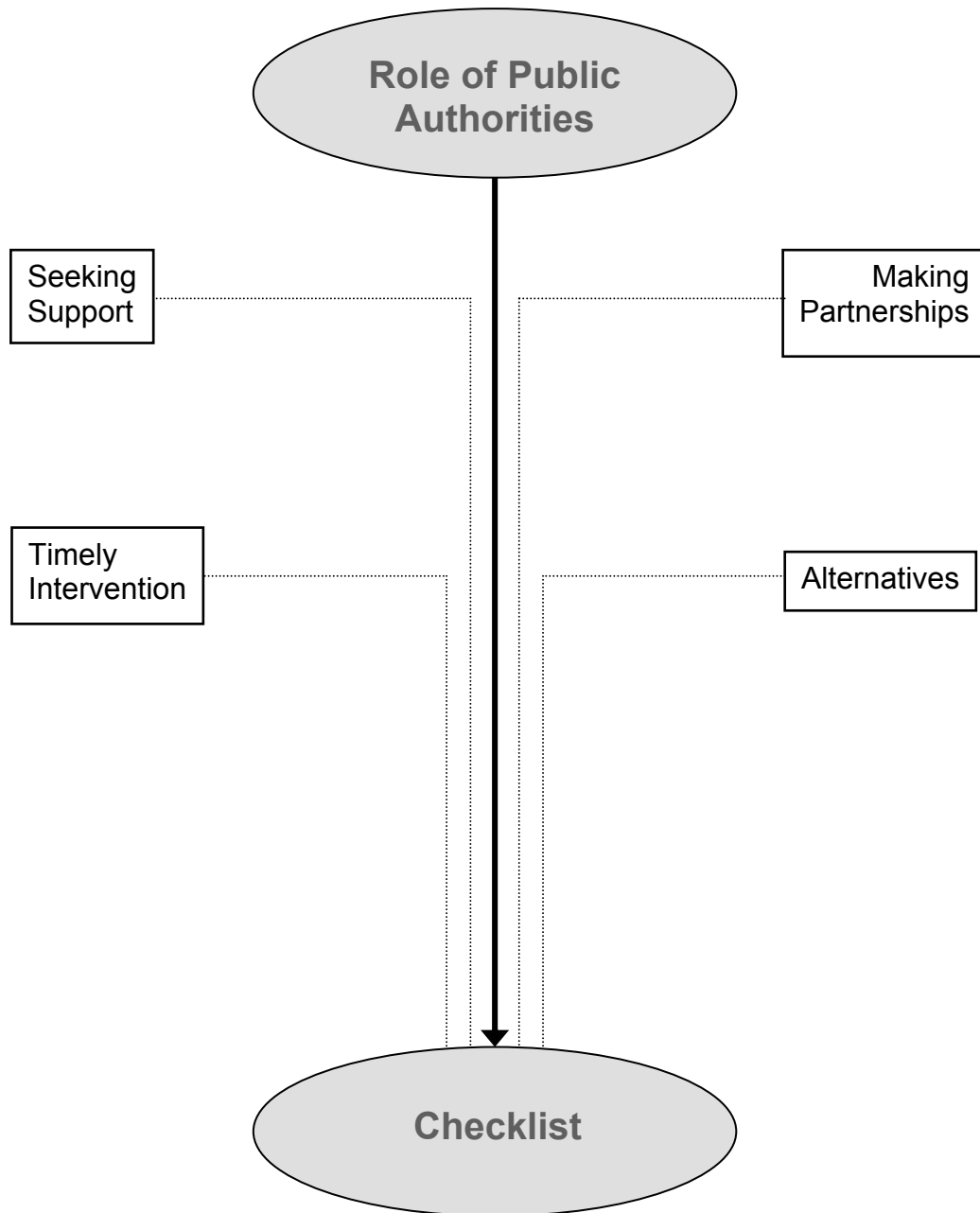
### ***5.3 Health and psychosocial issues: a summary***

The experiences of restructuring can have detrimental health effects on both those who leave the company and those that remain. To minimise such effects it is beneficial to promote health strategies before and during restructuring. This in itself should become part of the larger context of promoting a healthy workforce in general and may involve the extension of the already existing occupational health services. Trade unions may also have a role in providing services to its members that support them through change, but these should not be at the cost of the company also providing help to its employees.

#### **5.4 Checklist for Health and Psychosocial Issues**

- Have companies' occupational health services been involved in the process of organisational change?  
*Tick*
- Do the trade unions involved in organisational change provide advice and/or practical support on health-related issues?  
*Tick*
- Have the potential effects of organisational change, such as intensification of work, been considered by the social partners in relation to the health of the remaining workforce?  
*Tick*
- Have the social partners considered mechanisms for employees to monitor their own health status, and if so, is the resulting information available to those who are making strategic decision concerning organisational change?  
*Tick*

## 6. The Role of Public Authorities



## **6.1 Why public authorities are important**

Restructuring can have a huge impact upon local economies, particularly when the company making workers redundant is the major employer in the region. The knock on effects upon local supply chains, often SMEs, can be severe. At the regional level public authorities play a key role in supporting regeneration and the readjustment of workers following restructuring. Public authorities in this context include training and education providers, local and central government, job search services, and welfare benefit centres. In a number of European countries 'transfer companies' at regional level act as a temporary substitute employer promoting job search and training amongst displaced workers. European wide initiatives may also provide funding for regions administered by public authorities

Responses to restructuring thus go beyond the organisation and the remit of the social partners. For some time the European Commission has been advocating the notion of 'flexicurity' – that is a combination of labour market flexibility combined with adequate security for workers. Flexicurity is not intended to present a culture of 'hire and fire' but on the contrary, if implemented well, flexicurity is about offering workers 'employment security' as opposed to the notion of 'job security' and relies on clearly defined, holistic and long-term planning by employers.

Flexicurity also implies the notion of permanent restructuring, in which the employer and workforce acknowledge that continuous change is inevitable and constructively work together to ensure people are brought along and feel part of the cycle of change. Integrated flexicurity policies are often found in countries where the dialogue – and above all the trust - between social partners, and between social partners and public authorities, has played an important role. European Commission communication (REF).

The 'pillars' of flexicurity are:

- Flexible and reliable contractual arrangements
- Comprehensive lifelong learning strategies
- Effective active labour market policies
- Modern social security systems

National and regional governments thus play a key role in providing the necessary labour market policies, in particular in anticipating and identifying future skills needs for national and regional labour markets and providing the infrastructure for workers' longer-term employability. In addition, the transition to a low carbon economy cannot be effected at organisational level and will need to be led by national and regional governments. These should support organisations in their reorientation to alternative energy demands and supply and in anticipating the relevant skills and support workers need in adjusting to these changes.

## **6.2 How can the issue of public authority involvement be addressed?**

### **6.2.1 Seeking support**

Supportive intervention by public authorities requires that they are brought into the discussions in good time. There are a number of European-wide initiatives established to support companies undergoing change in particular regions and there are a number of other, national, initiatives aimed at supporting regeneration and adaptation within specific regions. Trade unions can support an employer's application for support from public authorities but, again, if the initiative is going to attract the required funding then the union must be involved at an early stage to ensure buy-in.

Although there are a number of examples where public authorities have supported change within an organisation, there can be competing priorities. This can occur where public authorities, perhaps driven by political objectives, seek alternative outcomes to the social partners. In these cases care must be taken to align the priorities of the social partners with those of other vested interests.

The role of public authorities can come into play in discussions over funding and qualifications. Government led regeneration programmes can sometimes offer funding for training during periods of restructuring, so too can much larger EU institutions such as the European Social Fund (see later in the Chapter). The example of a *UK* bank (see Chapter 4) illustrates how public authorities (in this case a higher education establishment) and the social partners can work together. Here, the employer, trade union and the Union Learning representatives gained funding for further training and re-skilling of the affected workforce.

Observatories can be established with the support of the Government and the local authorities (see Chapter on Anticipation and Transparency). In *Italy*, in the case of *ENEL*, the national sector-wide collective agreement of 2006 recommended the introduction of an Observatory for Energy within the Ministry of Economic Affairs. This body consists of all stakeholders including trade unions, government, consumers and companies which would monitor developments in the sector and recommend interventions when required.

The case of *Electrabel Polaniec* illustrates the advice and support local public authorities can provide.

#### ***Electrabel Polaniec in Poland***

Nearly 800 employees, affected by voluntary redundancies, were offered retraining through an external company. The local municipality, through the Treasury Office and Labour Office, were involved in this process and provided support and advice on a variety of issues such as - identifying training and employment opportunities, information about tax, and by supplying staff to provide advice for the affected employees about their future work prospects.

Of course, intervention and support from public authorities extends to the international level within the EU and the case study from *Estonia* shows how, if undertaken at the right time, through dialogue with Governments and the EU Commission, support can be granted to reduce the impact of large scale changes to employment within a sector.

#### ***Eesti Energia in Estonia***

Electricity production and the mining and processing of oil-shale have strong regional dimensions in *Estonia*, in both economic and social terms. The region of *Narva* is heavily dependent on the electricity sector and, with market liberalisation, the government feared that the negative effects for this region would be great. It applied for and was granted transition periods extending to 2015 so it could comply with EU emission regulations from old oil-shale plants. To minimise the effects of job losses in this sector, the government was granted EU programme funding to develop renewable energy generation in this region.

A rather innovative approach to state support has been seen in the *Czech Republic*. Here, the Ministry of Labour and Social Affairs has established Bureaus of Labour in every regional centre. These are designed to offer assistance to employers and employees during and after any restructuring programme. In practical terms, they offer, career counselling, psychological counselling, retraining, unemployment benefits etc.

Of course not all intervention is welcomed and a cautionary note is provided by the case of *Endesa in Spain*, where the energy industry had, under pressure from the Spanish Government, to streamline its operations in preparation for liberalisation. This process led to extensive outsourcing and reductions in investment and maintenance costs and the Government went further and introduced a Cost of Transition to Competition (CTC), which was a financial scheme to assist with the effect of further restructuring. However as actual competition was still not in place, the CTCs were used extensively to finance generous redundancy payments. The trade unions were initially against the CTCs, but negotiated a good deal for their members using it. Effectively, the CTCs enabled companies to substitute existing employees with employees on lower terms and conditions leading to a two tier workforce.

### **6.2.2 Timely intervention**

The potential impact of the closure of *Vauxhall Car's* manufacturing plant on the *Luton* area generated an immediate response from public authorities. The East of England Development Agency, along with the company and trade unions established the Vauxhall Luton Partnership 18 months prior to the closure. The Partnership provided a coordinated approach for local government agencies and secured substantial funding for a range of initiatives such as re-skilling, retraining and small business development. The initiatives themselves were based on an in-depth economic assessment of the local impact of the closure.

Public authorities have a clear role in anticipating and promoting appropriate skills. Collaborative working between all stakeholders – Government, funding agencies, employers and trade unions can produce a potentially powerful force with which to tackle skill shortages as the *UK* case study below illustrates.

#### **The Power Academy in the *United Kingdom***

Research carried out by the Sector Skills Council, Energy and Utility Skills, showed that over the next decade 25 per cent of those workers currently keeping the UK's electricity networks running will retire creating huge skill gaps and other problems. In response to this research, the Institute of Electrical Engineers has established the Power Academy, in partnership with the Sector Skills Councils that aims to develop graduate engineers by allowing them to undertake further education. This initiative is only possible through a collaboration of employers within the industry working with the Sector Skills Council (SSC). Trade unions are involved on the Board of the SSC and, although SSCs are 'employer led', Government funding requires that there is a role for trade unions in this process.

Regional authorities can also play a role in mitigating the impact of restructuring upon SMEs. In *Germany* a territorial employment pact addressed a crisis in the mechanical engineering sector in *Braunschweig* (Kooperationsinitiative Maschinenbau, KIM). Here, the union, *IG Metall* initially played a key role in promoting the establishment of a labour pool, establishing a collective agreement providing for the transfer of staff between eleven SMEs in the region. This labour pool allowed companies to increase their flexibility and to tackle structural fluctuations in orders, avoiding redundancies and short-term working.

### **6.2.3 Making partnerships work**

There are number of European based funds available to promote employment. The European Social Fund (ESF) is one of the EU's Structural Funds, set up to reduce differences in prosperity and living standards across EU Member States and regions, and therefore promotes economic and social cohesion. There are criteria to determine funding but employers are able, in conjunction with public authorities, to draw down funding for specific projects.

Equal is an initiative funded through the European Social Fund (ESF), which pilots and promotes new initiatives to combat discrimination and inequalities within the labour market. It supports those individuals who are in employment and those seeking employment. In addition the initiative also includes support to help the integration of asylum seekers.

Equal is based around a number of themes and these are:

- Partnership – bringing together key regional players like training bodies, NGOs, companies, public employment services etc
- Thematic Approach – in line with the European Employment Strategy
- Innovation – New ideas
- Empowerment – Strengthen capacity building among the actors
- Transnationality – Cross border learning
- Mainstreaming – integrating best practice

#### **6.2.4 Alternatives**

Local public authorities may be persuaded, by the social partners, to support plans for alternatives. For instance in *Germany* the union, *IG Metal*, played a role in the establishment of a public-private partnership, involving an employer and local authority, to produce a strategy for urban and business development in the context of the decline in employment in traditional sectors.

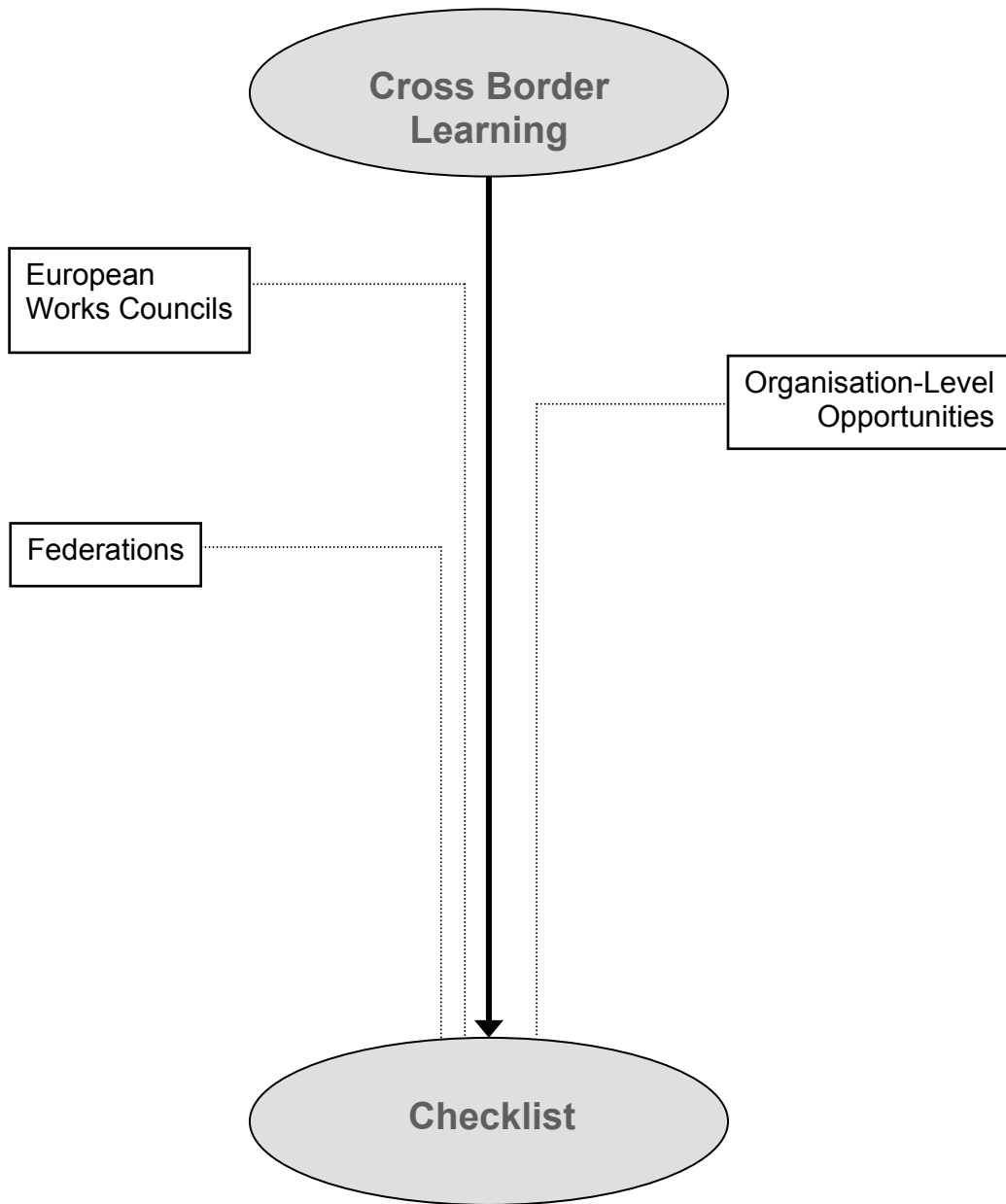
#### **6.3 The role of public authorities: a summary**

In the context of restructuring, public authorities would include training and education providers, local, national and European level government, job search services and welfare and benefit centres. All or some of these bodies may have a positive part to play in managing restructuring processes, especially if the company undergoing restructuring is the major employer and economic force within a local area. Approaching such bodies in a timely fashion offer the possibility of establishing partnerships with them. Through such partnerships those involved in restructuring may have greater access to regeneration schemes and European level social and structural funding that would assist employees in gaining new skills that would improve their potential employability. Especially important here is the concept of flexicurity upon which such partnerships may be initiated.

#### **6.4 Checklist for the Role of Public Authorities**

- Are there European, national and/or regional initiatives in place that would assist organisational change in your locality, e.g. European Social Fund, funded regeneration programs or education initiatives?  
*Tick*
- Can your locality be presented to public authorities as potentially having unique socioeconomic needs arising from organisational change that need to be addressed through European and/or national government intervention?  
*Tick*
- Are the partners placing demands on public authorities at an early stage to help mitigate the wider impact of restructuring upon the region, including the supply chain?  
*Tick*
- Are the partners placing demands on public authorities to help organisations plan for wider change in the sector including transition to a low carbon economy?  
*Tick*
- Where public authorities have a potential impact on organisational change, are they seeking the same outcomes as the social partners?  
*Tick*

## 7. Cross Border Learning



## **7.1 Why cross border learning is important**

Restructuring increasingly takes place within an international context, characterised by the extension of multinationals across Europe and more recently into central and eastern European countries. Generalising good practice in response to restructuring is always beneficial, despite the differences in culture, legislation and workplace dynamics. Trade unions and employers within the European electricity sector should aim to regularly exchange information across borders to enhance best practice and to maximise efforts to minimise the impact of restructuring upon employees and to maximise the impact upon business.

## **7.2 How can the issue of cross border learning be addressed?**

### **7.2.1 European Works Councils**

European Works Councils (EWCs) are useful mechanisms through which cross border learning can be undertaken. The fact that employees and managers meet regularly to discuss issues that cut across the company's operations in a number of states can potentially strengthen understanding and facilitate an exchange of information. European Works Councils have the potential to create strong and robust cross-border social dialogue and an environment in which frank and honest discussions can take place between employees and their employers. At the European level, employer and employee federations might consider making further efforts to ensure that good working practices are disseminated to their constituent members and that a continuous dialogue takes place, adding value to traditional communication routes. Precisely because EWCs were established in response to European legislation, employers and EWC representatives and the company are under a statutory obligation to ensure proper dialogue between management and workers through regular EWC meetings.

In addition, in cross-border matters, EWCs can promote anticipatory methods of working as the employer is obliged to bring to the Council any proposals affecting the employment levels, financial situation, and generally any likely changes to the organisation's operations. This should provide adequate impetus and direction, if undertaken co-operatively between the social partners, to enable proper anticipation and transparency.

### **7.2.2 European trade union federations and employer organisations**

At the European level trade union and employer federations can also support cross border learning in a number of ways. Possibly the most frequently used method for creating an environment for cross border learning is through Social Dialogue within the sector. Employer and worker representatives regularly discuss and exchange information over a range of issues and this process is central to furthering the parties' knowledge and insight into the operations, difficulties and positions of their opposite number. Typically these umbrella organisations bring together different sections of their constituent membership to discuss strategy and methodology for improving their interests. Each organisation will acquire a great deal of knowledge and expertise in the industries in which their membership works and this could be used appropriately to support cross border learning between the two sides of industry.

#### **EMF and `Common Demand`**

One of the objectives of the *European Metalworkers Federation* is to co-ordinate its affiliates to promote lifelong learning in the workplace, across Europe. Under the campaign `Common Demand`, each affiliate has the responsibility to ensure its activists work locally with their membership and employer to gain agreement with their employer over one or more of a number of issues such as 5 days paid training per year, vocational training rewarded by recognised qualifications, an annual training plan, individual right to training etc. Thus the campaign is as much about the co-ordination of *EMF* policy across Europe as it is about promoting lifelong learning. Each affiliate must report back to the *EMF* and outline the current situation in its state and what steps have been taken to promote the campaign. By supporting its affiliates to undertake exercises like this, the *EMF* intends to build upon the relationship between its affiliates and, through the campaign, promote cross border learning.

### **7.2.3 Organisational-level opportunities**

Employers and trade unions can work co-operatively to promote cross border learning at the national and sectoral levels to enable a better understanding of the issues. The exchange of information between the social partners even at the workplace is vital in maintaining good industrial relations between parties not just within that state but within the same company overseas.

Promoting learning across borders between newer markets and more mature markets is demonstrated in the following case study. *Eesti Energia* management and its employees worked together to learn from their counterparts elsewhere.

#### ***Eesti Energia in Estonia***

In preparation for change, both company and trade union representatives have gained direct experience from their colleagues in more mature markets. Trade union reps have observed closely their counterparts in both Nordpool and sectoral unions across Europe, stressing *Estonia's* commitment to a liberalised market place. Company representatives are planning to visit *ESB* (IE) and *CEZ* (CR), with the help of an outside consultancy, to learn operational experiences of restructuring. This works more effectively than meeting with closer providers who will become direct competitors. In addition, the company has bought an electrical administration and consultancy firm in Finland to gain outside expertise in restructuring in the Nordpool area.

Trade unions can also participate in cross border learning, as the MIRE case study of *EDF* in the *UK* illustrates: In 1995 the then still independent *London Electricity* decided to relocate its call centre operations. The company wanted to take advantage of lower property and employment costs. Although some London-based staff did move, most of the employees at the new centre were recruited locally. The company used this opportunity to end trade union recognition among call centre staff. The union, *Unison*, managed to maintain a membership base at the centre and continued to campaign for recognition. However, there was no immediate progress on the issue even following *EDF's* acquisition of *London Electricity* in 1998. *Unison* was involved in the special negotiating body that was discussing establishing a European works council (EWC). The EWC was set up and met for the first time towards the end of 2001. The union made links with the French unions within *EDF* and in particular with the *CGT*, the largest union in the company. As a result the Doxford recognition question became an issue raised by unions at *EDF* Group level and *Unison* used this to support its campaign. The *CGT* met *EDF* management and explained that *EDF* should recognise the trade unions and engage in social dialogue with them. As a result the company said it would recognise the unions at Doxford as social partners. At the end of 2002 *EDF* officially recognised *Unison* in the call centre.

### **7.3 Cross border learning: a summary**

Given the increasingly transnational nature of company operations in the sector, there is every greater opportunities for utilising good practices of restructuring undertaken elsewhere. This is particularly so as the European market continues to open up. European level bodies, such as EWCs, European trade union federations and employer organisations, can facilitate this sharing of positive responses to restructuring.

#### **7.4 Checklist for cross border learning**

- Are European Works Councils monitoring and anticipating organisational change at European level and bringing their expertise to restructuring issues at the national level?  
*Tick*
- Have the employer and employee federations been utilised to facilitate the dissemination of good practices undertaken in organisational changes in other companies?  
*Tick*
- Have the possibilities of cross border learning been explored at the organisational level, either within HR or trade union functions?  
*Tick*

# **Appendix 1**

## **In-depth case study of restructuring at Vattenfall**

## ***Introduction***

Vattenfall was originally established by the Swedish government in the early 20<sup>th</sup> century as a civil service department charged with the development of hydropower. It used to be the dominant employer in many communities across Sweden, especially in less populated areas. This position led to Vattenfall adopting a socially responsible approach to its employees and their communities, and the company had become renowned for providing `jobs for life`. However, in preparation for deregulation, the company was transformed from a civil service department into the state-owned company Vattenfall AB, a change that inevitably impacted upon the company's employment and human resources policies.

## ***Deregulation***

Although deregulation of the electricity sector in Sweden occurred in 1996, anticipatory changes began in 1992 followed by the establishment of the common trading exchange Nord Pool in 1993. The early market opening of the sector was driven by the government's belief that it would reduce business and domestic prices, and the wish to be at the forefront of the expected European directives regarding deregulation in the sector. Deregulation has unsurprisingly affected market structure. In terms of production, the number of companies has decreased by 15-20% since deregulation, due to takeovers by the three largest companies, Fortum, Sydkraft (now E.ON Sweden) and Vattenfall AB, who accounted for 86% of Sweden's total production in 2004. Similarly, most regional transmission networks are owned by these three companies, and they also are now the main players in trading and the end-user market.

## ***The impact of deregulation on employment***

Since 1996 there has been a net decrease of some 30% in jobs in the sector, mainly due to the impact of deregulation and the related desire of companies wishing to operate at a higher risk level. Vattenfall has reported that the most negative impact of restructuring has effected those in the elementary occupations, maintenance staff, mechanics, administrators, supervisors and middle managers whilst new jobs have been created in sales, business development, product development, IT, trading, project management and some technical areas. Reflecting these occupational changes in the deregulated market, there has been an overall increase in the education and skill levels of employees. However, the sector is facing skills shortages in some technical occupations, such as electricians, due to previous job losses and older age profiles. In addition, the trade union SEKO has noted that company-based training has also decreased as the larger companies have closed their in-house training facilities. Again reflecting recent changes, there has been an overall increase in the proportion of female workers in the sector, especially in the trading, legal and customer service areas. In terms of the age profile of the sector, there has been a relative increase in employees who are over 45, with a smaller increase in those under 25, with the former in mainly technical areas and the latter in mainly sales and customer service areas.

## ***Responses to restructuring at Vattenfall***

With the creation of Vattenfall AB, the management felt that there needed to be a reduction in the workforce of 1,200 workers (out of some 10,000) for the company to be competitive in the opening market. Prior to 1992, job losses were virtually unheard of at Vattenfall, and where there were losses, associated with the end of power station construction in the 1980s, they were managed through freezing recruitment and not replacing retiring employees.

To manage these changes, the company established an `expert group`, who in close consultation with the trade unions, designed approaches for the reorganisation. At the core of these were the socially responsible principles of the avoidance of redundancies at all costs and workforce reduction decisions made in close cooperation with the trade unions. The approaches included support programs for those affected by redundancies, compensation for employment outside of Vattenfall, subsidies for starting up businesses, relocation expenses and regulations, early retirement and training support. In addition, an incentive campaign was started that rewarded employees who helped those facing redundancy find work outside the company. These approaches were `packaged` in to a program format to emphasis their positive nature.

After introducing the program to senior managers an extensive information campaign began that informed union representatives and employees about its content. This in turn was followed by the

introduction of a training program for HM managers, middle managers and unions representatives focussing upon how to manage change in a positive way.

Although the program was relatively well received, the possibility of redundancies were not, especially in the north of the country. It was criticised in terms of those who were making decisions upon redundancies were uninformed about the locations and business units where they would apply. Even so, negotiations with the unions at the national level resulted in the agreed redundancies of 1,200, with some 1,060 local positions being identified.

The initial actions taken by Vattenfall AB was to sell or outsource non-core activities whilst reorganising the management structure of the company so that individual business units became more responsive to the dynamics of an open market. Whilst two thirds of the employees who were affected by restructuring were taken through the program, some 340 workers were dismissed involuntarily, following current employment legislation and the principal of 'last in, first out'. To assist this latter group 17 'developmental centres' were established to provide training and to help with finding new employment. The centres were seen as successful in so far as only a few former employees were unemployed at the end of their participation in them.

The initial loss of over a thousand posts produced an unbalanced age structure in the company, which responded by offering early retirement packages to those over 55 who had worked for the company for more than twenty years. However, more serious was the effect of the involuntary redundancies on internal employee mobility, with workers unwilling to risk transferring to other positions within the 'last in, first out' culture. In response, the company established a Competence Centre that acted both a source for internal vacancies and a training provider to facilitate internal movement. However, this was not considered to particularly successful in addressing the issues involved.

With formal deregulation in 1996, Vattenfall AB announced the need for a further decrease in 1000 posts as well as the creation of 100 new posts in new business units. These changes led the company to introduce the Skill Swop project. At an investment cost of SKR 830 million, and modelled on a similar project introduced by the Swedish telecoms company Telia, its aim was to enable the transfer of 1000 workers to other areas of the company. Skill Swop included individual support for competence and personal development, CV writing, apprenticeship programs in different business units, training in new areas resulting from market opening (project management, language skills, IT skills) and full time support in finding work outside the company. Managers were also provided with cash incentives to recruit workers from within. In all, 797 workers were assisted in finding new employment between 1997 and 2001, and Skill Swop was determined to have been a success.

From 1997, two further programs were introduced: Steget and Stödet. Steget (*the step*) was an internal intermediate support organisation whose founding was negotiated through the unions and whose purpose was to facilitate redundant staff in finding employment inside or outside the company. The beneficiaries were removed from their normal business unit and placed in Steget where they 'worked' full time to find alternative work, supported by careers and other advisors. The target of Steget was to handle the redundancies of 370 workers at an investment cost of SKR 350 million. Steget differed from previous programs in that it introduced an incentive scheme for voluntary redundancies (being offered the same benefits as those who had faced involuntary redundancy) as well as incentives to successfully leave the program by actually finding other work. Steget centres, which were established in 5 different regions in Sweden, initially assessed the individual's skill, qualities, goals and aspirations. With the assistance of a tutor, the individual mapped out a personal development plan that could include training for a new profession or trade, entering higher education or training for self-employment or outplacements. In addition, assistance was given in securing work within Vattenfall AB, including a bi-monthly intranet-based job journal and the posting of all new jobs in the company in a 'redundancy pool' that potentially matched Steget participants with such posts. Steget also temporarily paid any differences in the salaries of those finding work outside the company. Between 1998 and 2001, Steget managed 445 individuals at a cost of SKR 205 million, and achieved a resolution rate of 87%, with most finding work outside Vattenfall AB. At the core of Steget was the principal that participant would act as exemplars of the good HR practices of the company.

Following the end of the Steget and its evaluation, a further program of managed change was introduced. Stödet (*back-up*) was in essence a mainstreamed and permanent version of Steget units, albeit on a smaller scale. Stödet as such was also seen as a response to the realities of continuous

restructuring. The main difference to previous support measures was that Stödet relied upon an external organisation, Trygghetsrådet (TTR). TTR was founded by social partners from different sectors in 1974 to manage change and to supplement the various education and training schemes of the Swedish government. With 32,000 affiliated companies, managing some 700,000 workers, TTR is financed through individual company contributions. For companies and union representatives, TTR offers help to organisations preparing for change, especially in terms of redundancies, as well as advice on the recruitment of new staff. For individual workers, TTR offers a named personal advisor who assists in job searches and techniques, training, preparation for self-employment, and accessing financial support for development programs. TTR also acts as a recruitment service and assists in finding new employment. Some 70 individuals who were affected by the ongoing restructuring process at Vattenfall were sent through Stödet to TTR and managed through this outsourced organisation at a much lower cost per worker than Steget.

Whilst Vattenfall has developed and used various processes to manage employment changes, these have not been suitable for every individual. In these cases such individuals are managed through the Vattenfall Nordic Instruction VNI 20, which is the latest instruction for this purpose. Over the years Vattenfall have had a very close and positive cooperation with the local trade-unions, through negotiations and discussions, designing appropriate means in order to find acceptable solutions. VNI 20 sets out the conditions for redeployment, educational support, outplacements, new business creation, supplementary salary levels, early retirement incentives, voluntary redundancy payments and relocation costs.

With regard to the effects of early retirement options, these have proved to be both expensive for the company and a source of concern about the potential loss of skills and experience. To address this Vattenfall AB has introduced various schemes to encourage their senior workforce to remain with the company. These include the option for those over 58 to work 80% FTE for 90% of their wages without losing pension contributions, the Senior Resource Pool that facilitates older workers who are faced with redundancy finding alternative posts in the company, and their retention within a mentoring program to facilitate skills transfer to younger workers.

Overall, the continuous management of change at Vattenfall AB has been helped by the company's ability and willingness to anticipate changes and react to them quickly. This has been achieved by a systematic and continuous forecasting and identification of skill gaps in each business unit, a close and ongoing social dialogue, and a continuous monitoring of the process by a `restructuring reference group` comprising of HR management and representatives from the four main unions (SEKO, UNIONEN, LEDARNA and AKADENIKERNA). The reference group meets four times a year and acts now as an informal board for Stödet, providing an open space for the discussion of sensitive information outside of the more formal meeting between the employers and the union representative which are regulated by standing collective agreements.

## **Appendix 2**

# **In-depth case study of restructuring at EDF SA/Energy**

Electricité de France (EDF) became a limited company in 2004, with the French state retaining a 70% holding in the company. It remains the dominant electricity company in France, having a monopoly of transmission and distribution, a 90% share of production, and the largest share in other sub-sectors. It has also been active in acquiring foreign companies, such as London Electricity and SEEBORD (EDF Energy, see below).

### ***The impact of deregulation on employment***

Even before the full deregulation of the French market between 2004 (business) and 2007 (domestic), the EDF workforce has seen a steady decrease from around 116,000 in 1996 to around 108,000 in 2006, with a slight increase seen in 2000 with the adoption of the 35-hour working week. Within this 9% decrease, most losses have been seen in the area of distribution. Within the sector in general between the mid 1990s and 2003-4, the dominant occupations have remained in sales and customer service, and in the professional and technical areas. The elementary occupations, administrative and secretarial occupations have seen a steady decline. In terms of the educational profile of the workforce, there has been a decrease in low and medium level educational attainment with a corresponding increase in workers with a higher educational background. The gender profile of the sector has remained relatively stable with three quarters of workers men and a quarter of worker women, although there is an emerging trend suggesting an increase in male workers. In general, the age of workers in the sector is increasing. The relatively slow changes in the overall employment profile in the sector reflects its late entry into the open market and is driven by other forces in addition to deregulation. For example, with the opening of the domestic market in 2007, it is expected that some 8,000 employees at EDF will be redeployed from distribution into sales.

### ***Responses to restructuring at EDF***

The overall response of EDF to restructuring has been to manage staff competencies to cover anticipated occupational changes rather than resort to redundancies. This has been helped by the timing of deregulation in France and the high numbers of EDF employees who are approaching retirement age. It is anticipated that EDF will in the future require lower staffing numbers, with those remaining needing higher competencies and qualifications.

Between 2001 and 2006 EDF in France had cut its employees by some 8,000, and this has been achieved through early retirement, end of career extended leave (*conge fin carrière*) where staff can take up to three years leave on 70% of their salary, and redeployment. Redeployment from low value added areas, such as assistants, and declining departments, such as building maintenance, has effected some 6,000 employees, most of whom have moved to higher added value areas, such as sales and technicians in the network and production sub-sectors.

The redeployment programme includes evaluating present and anticipated skills needs, providing relevant training programs for existing employees to meet these needs, the creation of 'regional directorates for employment' in EDF throughout France, encouraging mobility through financial incentives, and establishing a 'central advisory unit' (*Cellule de Conseil*) to assist staff who do not wish to be redeployed within EDF to find work outside the company.

All business units in EDF monitor projected staffing needs, both in terms of areas that are in decline and those that are expected to increase in importance. The monitoring process is guided by the age demographic of employees, the changing occupational roles, with many more staff needing to be responsive to client driven situations, and wider technological and management changes that are needed in an evolving sector. These parameters are used to continuously evaluate staffing projections at 3 and 5 years by the HR unit in EDF. In addition to these measures, cost reductions are also evaluated, especially in non-core business areas. The projections suggest that staffing needs in sales and customer relations, finance, generation (especially hydro and nuclear), trading and energy transport and distribution will increase whilst central administrative functions, facility management and HR will decrease. In response to these projections, training programs have been developed that assist existing employees to gain the necessary skills and consists of 10 main courses that cover 80% of redeployment needs.

Whilst attaining the necessary skills for redeployment, there is also the issue of convincing existing staff of the desirability to geographically relocating as the needs of the business dictate. In 2005 EDF established 8 regional directorates, reflecting the major labour markets in France (*basins d'emploi*) that acted as Observatories that oversaw the HR needs and resources in each area. Each directorate was responsible for organising employment in terms of maximising employee mobility within each region. In support of these mechanisms, EDF offered a graduated financial incentive, ranging from small financial assistance for those who had to travel only a short distance more to a new position to substantial financial assistance for those moving region, especial were the new position was one that was in great demand. In addition, the company also offers assistance in finding accommodation as well as helping to find work for spouses. The range of financial assistance is managed centrally and has been the result of negotiations between the social partners.

The last response to restructuring at EDF was the forming of the Central Advisory Unit. The unit, staffed by three people in Paris, assist employees who do not wish to redeploy through helping them find work elsewhere or starting their own businesses. In the latter case, EDF also offers a degree of seed capital.

### **Consultation: EDF Energy**

With the prospective opening up of the energy markets in Europe, many national utilities such as EDF were looking to establish themselves as multinational players. Starting in 1998, EDF acquired London Electricity, the retail division of SWEB, multi-sited power generation capacity, and lastly, in 2002, SEEBOARD. Most of these acquisitions were purchased from US power companies who had bought these following the privatization of the sector in the UK in 1990. With these changes, and the establishment of the subsidiary company in the UK, EDF Energy, came different approaches to industrial relations with positive outcomes such the introduction of a final salary pension scheme, the adoption of a policy of not off shoring or outsourcing call centres, union recognition in certain call centre sites, and the setting up of national works councils, changes that were facilitated by the growing links between UK and French unions and the influence of the European Work Council (EWC).

Whilst final pension schemes and off shoring/outsourcing policies reflect the culture of EDF in terms of commitment to staff and the importance of service provision, the other changes noted arose out of EDF's acceptance of the role of social dialogue in the company.

In 1995 the still independent London Electricity decided to relocate it's call centre operations from London, and it took the opportunity at this time to end union recognition (UNISON) among it's call centre staff. Although the union campaigned for re-recognition, even with EDF's acquisition of the company in 1998 there was no immediate progress. Between 2000 and 2001 the union became involved in discussions concerning the setting up of an EWC whilst at the same time establishing links with the largest French union in EDF (CGT). Through these interventions, union recognition in the call centres was raised at EDF Group level. Indeed, the CGT stressed to EDF that it was unacceptable for the company not to recognise trade unions within the group, and consequently, UNISON was recognised in 2002.

French industrial relations have long provided for the setting up of works councils at both local and national levels that have a clear set of rights concerning negotiation and consultation. Whilst new European regulations in the UK concerning such councils require them to be established, EDF went ahead and established a national work council for EDF Energy as part of its industrial relations strategy. The council, which convenes three times a year, gives union representatives the opportunity to address a wide range of issues including company performance, finances and organisation. EDF Energy went further than this by establishing a further combined body that meets once a month and offers mutual updates on progress within the company.

During the acquisition of SEEBOARD by EDF the EWC held a special meeting to discuss not only how the merger would be handled and the 1,000 jobs that would be affected, but also what the effect would be on the EDF Groups as a whole, especially in terms of threats to jobs in the rest of the company. Whilst the EWC provided a forum for information exchange, which in itself assisted the negotiating teams in establishing the conditions of the takeover, it also proved to be beneficial in terms of moderating the UK management positions and practices on staffing and restructuring. In short, through the involvement of the EWC, a non-compulsory redundancy agreement was reached whereby 1,000 job cuts were achieved through relocation, redeployment and voluntary severances, and perhaps more importantly for EDF Energy, there was a shift towards more positive social dialogue practices as the UK subsidiary management practices became more aligned with it's French parent company's practices.

# **Appendix 3**

## **Glossary**

**Atypical employment**

Usually referring to employment arrangements that are either casual, temporary or agency work based.

**Business Europe**

Confederation of European Business

**CEEP**

The European Centre of Enterprises with Public Participation and Enterprises of General Economic Interest

**CGT**

General Confederation of Labour (France)

**Deregulation**

The undertaking of governments to remove, reduce or simplify restrictions on businesses leading to an increase in market efficiency.

**European Directive**

European Union legislation that requires member state to achieve an specified outcome in a way that is appropriate to each member state, often requiring member states to change their national laws within an agreed time frame so that they comply with the directives.

**Elementary occupation**

Occupations that traditionally are low or semi skilled and low paid

**EMCEF**

European Mine, Chemical and Energy Workers' Federation

**EPSU**

European Federation of Public Service Unions

**ETUC**

European Trade Union Confederation

**EURELECTRIC**

The Union of the Electricity Industry: The professional association that represents the common interests of the electricity industry across Europe, such as market liberalisation, sectoral integration and sustainable development within the sector

**EWC**

European Works Councils: Works Councils that operate at the European level, consulting and informing employees and representing them in transnational companies.

**Liberalisation**

See *deregulation*.

**Labour pool**

An arrangement, often between SMEs, for sharing labour between their business operations.

**Lifelong learning**

The idea that workers are equipped with the skills and knowledge that will maintain their employability through their lives.

**Low Carbon Economy**

An economy that is maintained and driven by the production of energy and materials that minimises the emission of greenhouse gases, such as carbon dioxide. This has direct implications for the electricity sector in terms of fossil fuel use, nuclear power and renewable energy, carbon capture and storage etc.

**Merger and acquisition**

The buying, selling and/or combining of different companies that promoted the growth of a company without having to create new business units.

**MIRE**

Monitoring Innovative Restructuring in Europe: European Union project designed to understand and resolve problems arising from restructuring in several different sectors.

**Off shoring**

The relocation of certain service and production business operations to an overseas country driven by the benefits of reducing the costs incurred by such operations in the original country in a globalised labour market.

**Outsourcing**

The transfer of management and/or labour of a business unit to an external service provider that entails a reduction of costs for the parent business.

**Permanent restructuring**

The notion that restructuring of business operations are ongoing processes and normal to every business activity, rather than a response to specific shifts in the market within which the business works.

**Privatisation**

The transfer of ownership of a business operation and/or function from the public sector (i.e. government) to the private sector (i.e. business).

**Psychosocial**

The interaction between an individual's psychological state and the social environment within which they are positioned

**Redeployment**

The relocation of staff and/or services to other existing business units within a company

**Restructuring**

The reorganisation of business operations driven by mergers and acquisitions, deregulation and privatisation, regulatory frameworks, outsourcing and off shoring, technological change and/or market structure change, often resulting in a reduction in employee numbers

**Silent Restructuring**

The local and often less well publicised effects on small and medium sized enterprises of restructuring within major players in the sector.

**Skills flight**

The idea that through generational change, redundancies affecting experienced workers and or redeployments that their skills and knowledge are lost to the business where they are most appropriate.

**SMEs**

Small and Medium sized Enterprises that within the European Union have less than 50 (Small) or less than 250 (Medium) employees.

**Social dialogue**

The process of communication between the social partners that is directed towards the cooperative development of agreed work related issues.

**Socially Responsible Restructuring**

Whilst restructuring may be seen in terms of short-term shareholder gain, socially responsible restructuring focuses on the long-term stakeholder gain. This involves anticipating and evaluating change, seeking alternatives to involuntary redundancies and the involvement of the social partners in the restructuring process.

**Social partners**

Trade unions and employers, and/or their respective federations that are involved in social dialogue

**Supply chain**

The organisation of business activities that enables a product or service to be transported from a supplier to a customer, e.g. electricity in fossil fuel extraction to energy production, to distribution to sales to domestic customer.

**TRACE**

Trade Unions Anticipating Change: Trade Union sponsored project to address economic change in Europe and the effects of restructuring on workers

**TUPE**

The Transfer of Undertakings (protection of employment) Regulations were introduced in the UK, in line with European Union Directives concerning the protection of workers pay and conditions if they were transferred to another employee, e.g. during the outsourcing or work.

**UEAPME**

European Association of Craft, Small and Medium-sized Enterprises

**UNISON**

Public service trade union (UK).

**Works councils**

Company-level organisations representing workers that complement trade unions

# **Appendix 4**

## **Contacts and sources of further information**

Organisations with an interest in the European electricity industry and others named within the report are named below with contact details for further information.

### TRADE UNION FEDERATIONS

Unions	Countries	Website
Independent Trade Union of Energy of Albania	Albania	
Trade Union Federation of Industrial Workers of Albania	Albania	
Gewerkschaft der Gemeindebediensteten	Austria	<a href="http://www.oegb.or.at/gdg/">http://www.oegb.or.at/gdg/</a>
Gewerkschaft der Privatangestellten, druck, journalismus, papier	Austria	<a href="http://www.gpa.at">http://www.gpa.at</a>
Centrale Générale des Services Publics - Secteur des Administrations Locales et Régionales	Belgium	<a href="http://www.multimania.com/cgsp/cgsp/">http://www.multimania.com/cgsp/cgsp/</a>
Centrale Générale des Services Publics - Secteur Gazelco	Belgium	<a href="http://www.multimania.com/cgsp/cgsp/">http://www.multimania.com/cgsp/cgsp/</a>
CSC - Services Publics	Belgium	<a href="http://www.ccsp.be">http://www.ccsp.be</a>
Independent Trade Union of Utility Workers of R/F Bosnia-Herzegovina	Bosnia-Herzegovina	
Independent Trade Union of Workers of Elektroprivreda HZ Herceg Bosne Mostar	Bosnia-Herzegovina	
Trade Union of Electricity Workers of R/F Bosnia-Herzegovina	Bosnia-Herzegovina	
Federation of Energetic Workers - Podkrepa	Bulgaria	
National Federation of Energy Workers	Bulgaria	
Independent Trade Union Federation of Workers in Energy Industry	Bulgaria	
Independent Electricity Workers' Union	Croatia	
Autonomous Trade Union of Workers Employed in Public Utilities and Related Services	Croatia	
Federation of Semi-Government Employees Cyprus	Cyprus	
Trade Union ECHO	Czech Republic	<a href="http://www.os-echo.cz">http://www.os-echo.cz</a>
Trade Union UNIOS	Czech Republic	<a href="http://unios.cmkos.cz/">http://unios.cmkos.cz/</a>
United Federation of Danish Workers - Public Sector Group	Denmark	<a href="http://www.3f.dk">http://www.3f.dk</a>
Dansk Metal	Denmark	<a href="http://www.danskmatal.dk/">http://www.danskmatal.dk/</a>
FOA - Trade and Labour	Denmark	<a href="http://www.foa.dk/">http://www.foa.dk/</a>
Trade Union of Local Government Employees	Denmark	<a href="http://www.hk.dk/">http://www.hk.dk/</a>
Public Employees Union	Denmark	<a href="http://www.starvsmf.fo">http://www.starvsmf.fo</a>
Danish Confederation of Trade Unions	Denmark	<a href="http://www.lo.dk">www.lo.dk</a>
Association of Estonian Energy Workers Trade Unions	Estonia	
Bargaining Organisation for Technical and Basic Services	Finland	<a href="http://www.ktn-ry.fi/">http://www.ktn-ry.fi/</a>
Trade Union for the Public and Welfare Sectors	Finland	<a href="http://www.jhl.fi">http://www.jhl.fi</a>
The Federation of Public and Private Sector Employees, Jyty	Finland	<a href="http://www.jytyliitto.fi">http://www.jytyliitto.fi</a>
Union Nationale des Syndicats du Personnel des Industries Électriques et Gazières - CFTC	France	<a href="http://www.cftcieg.fr">http://www.cftcieg.fr</a>
Fédération Nationale de l'Energie et des Mines - FO	France	<a href="http://www.fnem-fo.org">http://www.fnem-fo.org</a>
Fédération Nationale des Mines et de l'Energie - CGT	France	<a href="http://www.fnme-cgt.fr">http://www.fnme-cgt.fr</a>
Fédération des Personnels des Services Publics et des Services de Santé - FO	France	<a href="http://www.fo-publics-sante.org">http://www.fo-publics-sante.org</a>
Fédération INTERCO CFDT	France	<a href="http://www.interco-cfdt.fr/">http://www.interco-cfdt.fr/</a>

Unions	Countries	Website
Vereinte Dienstleistungsgewerkschaft	Germany	<a href="http://www.verdi.de/">http://www.verdi.de/</a>
IG Metal	Germany	<a href="http://www.igmetall.de">www.igmetall.de</a>
Federation of Trade Unions in Electric Energy Industry	Hungary	<a href="http://www.vd.hu/">http://www.vd.hu/</a>
Federation of State and Municipal Employees	Iceland	<a href="http://www.bsrb.is/">http://www.bsrb.is/</a>
Electricity Supply Board Officers Association	Ireland	<a href="http://www.esboa.ie">http://www.esboa.ie</a>
Services Industrial Professional Technical Union	Ireland	<a href="http://www.siptu.ie/">http://www.siptu.ie/</a>
Federazione Energia, Moda, Chimica ed Affini della CISL	Italy	<a href="http://www.femca.cisl.it">http://www.femca.cisl.it</a>
Federazione Italiana Lavoratori Chimici Energia Manifatture	Italy	<a href="http://www.filcemcgil.it/">http://www.filcemcgil.it/</a>
Federazione Lavoratori Aziende Elettriche Italiane	Italy	<a href="http://www.flaei.org/">http://www.flaei.org/</a>
Unione Italiana Lavoratori Chimica Energia Manifatturiero	Italy	<a href="http://www.uilcem.it">http://www.uilcem.it</a>
Latvian Trade Union of Public Service and Transport workers	Latvia	<a href="http://www.lakrs.lv">http://www.lakrs.lv</a>
Latvian Trade Union Energija	Latvia	
Lithuanian Energy Workers' Trade Union Federation	Lithuania	
Lithuanian Trade Union Federation of Public Services	Lithuania	
Confédération Générale du Travail du Luxembourg, Secteur Public	Luxembourg	<a href="http://www.ogb-l.lu/">http://www.ogb-l.lu/</a>
Confédération Luxembourgeoise des Syndicats Chrétiens - Secteur Public	Luxembourg	<a href="http://www.lcgb.lu">http://www.lcgb.lu</a>
Independent Trade Union of Workers of the Electro-Economy of Macedonia	Macedonia	
Trade Union of Workers in Catering, Tourism, Communal Economy, Handicraft and Protection Associations	Macedonia	
Trade Union of Energy Workers	Montenegro	<a href="http://www.ssscgcg.yu">http://www.ssscgcg.yu</a>
ABVAKABO FNV	Netherlands	<a href="http://www.abvakabo.nl/">http://www.abvakabo.nl/</a>
CNV Publieke Zaak	Netherlands	<a href="http://www.cnvpubliekezaak.nl/index1.html">http://www.cnvpubliekezaak.nl/index1.html</a>
DELTA - Norwegian Public Sector Trade Union	Norway	<a href="http://www.delta.no">http://www.delta.no</a>
EL & IT Forbundet	Norway	<a href="http://www.elogit.no/">http://www.elogit.no/</a>
Norwegian Union of General Workers	Norway	<a href="http://www.arbeidsmandsforbundet.no">http://www.arbeidsmandsforbundet.no</a>
Norwegian Society of Engineers	Norway	<a href="http://www.nito.no/">http://www.nito.no/</a>
Norwegian Civil Service Union	Norway	<a href="http://www.ntl.no/">http://www.ntl.no/</a>
Norwegian Union of Municipal and General Employees	Norway	<a href="http://www.fagforbundet.no/">http://www.fagforbundet.no/</a>
Yrkesorganisasjonenes Sentralforbund - Stat	Norway	<a href="http://www.ys-stat.no/">http://www.ys-stat.no/</a>
Sekcja Krajowa Elektryków i Elektrociepłowni NSZZ "Solidarnosc"	Poland	<a href="http://www.mkzs.jaw.pl">http://www.mkzs.jaw.pl</a>
Sindicato Nacional da Indústria et da Energia	Portugal	<a href="http://www.sindel.pt/">http://www.sindel.pt/</a>
Independent Energy Trade Union Federation	Romania	
Fédération des Syndicats de Gaz Naturel - Medias	Romania	
Federatia Sindicatelor 'Gaz Romania'	Romania	
Fédération Nationale des Syndicats de l'Electricité	Romania	<a href="http://www.federatieunivers.ro">http://www.federatieunivers.ro</a>
Trade Union of Electricity Workers of Serbia	Serbia	<a href="http://www.eps.co.yu/">http://www.eps.co.yu/</a>
Nezavisnost Trade Union of Chemical, Non-Metal, Energy and Mining Workers	Serbia	
Slovak Gas Industry Trade Union	Slovakia	
Slovak Trade Union of Energy Workers	Slovakia	
Syndicat des Ouvriers de l'Energie en Slovénie	Slovenia	<a href="http://www.sindikatsde.si">http://www.sindikatsde.si</a>

Unions	Countries	Website
Federación de Servicios Públicos Solidaridad de Trabajadores Vascos	Spain	
Federación de Industrias Afines de UGT	Spain	<a href="http://fia.ugt.org">http://fia.ugt.org</a>
Federación de Servicios Públicos	Spain	<a href="http://www.fsp.es">http://www.fsp.es</a>
The Union of Civil Servants	Sweden	<a href="http://www.stmf.se/">http://www.stmf.se/</a>
Swedish Municipal Workers Union	Sweden	<a href="http://www.kommunal.se/">http://www.kommunal.se/</a>
The Union of Service and Communication Employees	Sweden	<a href="http://www.seko.se/">http://www.seko.se/</a>
Swedish Union of Local Government Officers	Sweden	<a href="http://www.sktf.se/">http://www.sktf.se/</a>
Schweizerischer Verband des Personals Öffentlicher Dienste	Switzerland	<a href="http://www.ssp-vpod.ch">http://www.ssp-vpod.ch</a>
Turkish Municipal and General Workers' Union	Turkey	<a href="http://www.belediyeis.org.tr">http://www.belediyeis.org.tr</a>
Public Services Employees Union of Turkey	Turkey	<a href="http://www.genel-is.org.tr">www.genel-is.org.tr</a>
All Municipal and Public Service Workers Trade Union	Turkey	<a href="http://www.hizmet-is.org.tr">http://www.hizmet-is.org.tr</a>
Union of All Municipality Civil Servants	Turkey	<a href="http://www.tumbelsen.org.tr/">http://www.tumbelsen.org.tr/</a>
The Association of First Division Civil Servants	United Kingdom	<a href="http://www.fda.org.uk/">http://www.fda.org.uk/</a>
GMB	United Kingdom	<a href="http://www.gmb.org.uk/">http://www.gmb.org.uk/</a>
PROSPECT	United Kingdom	<a href="http://www.prospect.org.uk/">http://www.prospect.org.uk/</a>
Transport and General Workers Union	United Kingdom	<a href="http://www.tgwu.org.uk/">http://www.tgwu.org.uk/</a>
UNISON	United Kingdom	<a href="http://www.unison.org.uk/">http://www.unison.org.uk/</a>
Unite the Union	United Kingdom	<a href="http://www.amicustheunion.org">http://www.amicustheunion.org</a>

**ETUC European Unions Federations / Fédérations Syndicales Européennes ([www.etuc.org](http://www.etuc.org))**

EAEA Alliance européenne des médias et du spectacle	<a href="http://www.union-network.org">www.union-network.org</a>
EUROCOP Confédération européenne de la police	<a href="http://www.eurocop-police.org">www.eurocop-police.org</a>
EFBWW/FETBB Fédération européenne des travailleurs du bois et du bâtiment	<a href="http://www.efbww.org">www.efbww.org</a>
EFFAT Fédération européenne des syndicats de l'alimentation, de l'agriculture et du tourisme	<a href="http://www.effat.org">www.effat.org</a>
EFJ/FEJ Fédération européenne des journalistes	<a href="http://www.ifj.org">www.ifj.org</a>
EMCEF Fédération européenne des syndicats des mines, de la chimie et de l'énergie	<a href="http://www.emcef.org">www.emcef.org</a>
EMF/FEM Fédération européenne des métallurgistes	<a href="http://www.emf-fem.org">www.emf-fem.org</a>
EPSU Fédération européenne des services publics	<a href="http://www.epsu.org">www.epsu.org</a>
ETF Fédération européenne des travailleurs des Transports	<a href="http://www.itfglobal.org">www.itfglobal.org</a>
ETUCE/CSEE Comité syndical européen de l'éducation	<a href="http://www.csee-etuce.org">www.csee-etuce.org</a>

ETUF-TCL/FSE-THC fédération européenne du  
Textile, de l'habillement et du cuir

[www.etuf-tcl.org](http://www.etuf-tcl.org)

UNI-EUROPA Fédération des services et des  
Communications

[www.uni-europa.org](http://www.uni-europa.org)

## EMPLOYER FEDERATIONS

### **A - Austria**

Industriellenvereinigung - I.V.  
Association of Austrian Electricity Companies (VEO)

[www.iv-net.at](http://www.iv-net.at)

### **B - Belgium**

Fédération des Entreprises de Belgique - Verbond van Belgische Ondernemingen - FEB-VBO

[www.vbo-feb.be](http://www.vbo-feb.be)

### **BUL - Bulgaria**

Bulgarian Industrial Association - Union of the Bulgarian Business - BIA  
Natsionalna Elektricheska Kompania EAD (NEK EAD)

[www.bia-bg.com](http://www.bia-bg.com)  
[www.nek.bg](http://www.nek.bg)

### **CG – Montenegro**

Montenegrin Employers Federation - MEF (Unija poslodavaca Crne Gore - UPCG)

[www.poslodavci.org](http://www.poslodavci.org)

### **CH - Switzerland**

Fédération des entreprises suisses - Economiesuisse  
Confederation of Swiss Employers  
VSE / AES

[www.economiesuisse.ch](http://www.economiesuisse.ch)  
[www.arbeitgeber.ch](http://www.arbeitgeber.ch)  
[www.strom.ch](http://www.strom.ch)

### **CRO - Croatia**

Croatian Employers' Association (Hrvatska Udruga Poslodavaca) - HUP  
Croatian EURELECTRIC Section, Croatian Chamber of Economy

[www.hup.hr](http://www.hup.hr)  
[www.hgk.hr](http://www.hgk.hr)

### **CY - Cyprus**

Employers & Industrialists Federation Cyprus - OEB  
Electricity Authority of Cyprus

[www.oeb.org.cy](http://www.oeb.org.cy)  
[www.eac.com.cy](http://www.eac.com.cy)

### **CZ - Czech Republic**

Confederation of Industry of the Czech Republic - Svaz průmyslu a dopravy České republiky - SPCR  
CSZE - Czech Association of Employers in Electricity Industry

[www.spcr.cz](http://www.spcr.cz)

[www.csze.cz](http://www.csze.cz)

### **D - Germany**

Bundesverband der Deutschen Industrie e.V. - BDI  
Bundesvereinigung der Deutschen Arbeitgeberverbände e.V. - BDA  
BDEW Bundesverband der Energie- und Wasserwirtschaft e.V.

[www.bdi.eu](http://www.bdi.eu)  
[www.bda-online.de](http://www.bda-online.de)  
[www.bdew.de](http://www.bdew.de)

### **DK - Denmark**

Confederation of Danish Industry - DI  
Confederation of Danish Employers - DA  
Danish Energy Association

[www.di.dk](http://www.di.dk)  
[www.da.dk](http://www.da.dk)  
[www.danel.dk](http://www.danel.dk)

### **E - Spain**

Confédération des Employeurs Espagnols - CEOE  
Asociación Española de la Industria Eléctrica (UNESA)

[www.ceoe.es](http://www.ceoe.es)  
[www.unesa.es](http://www.unesa.es)

### **EE - Estonia**

Estonian Employers' Confederation - ETTK  
Eesti Energia AS

[www.ettk.ee](http://www.ettk.ee)  
[www.energia.ee](http://www.energia.ee)

### **F - France**

Mouvement des Entreprises de France - MEDEF  
Union Française de l'Electricité (UFE)

[www.medef.fr](http://www.medef.fr)  
[www.ufe-electricite.fr](http://www.ufe-electricite.fr)

### **FIN - Finland**

Confederation of Finnish Industries - EK  
Finnish Energy Industries

[www.ek.fi](http://www.ek.fi)  
[www.energia.fi](http://www.energia.fi)

### **GB - United Kingdom**

Confederation of British Industry - CBI  
Energy Networks Association (ENA)  
Association of Electricity Producers (AEP)

[www.cbi.org.uk](http://www.cbi.org.uk)  
[www.energynetworks.org](http://www.energynetworks.org)  
[www.aepuk](http://www.aepuk)

**GR - Greece**

Hellenic Federation of Enterprises - SEV  
Public Power Corporation S.A. (PPC S.A.)

[www.sev.org.gr](http://www.sev.org.gr)  
[www.dei.gr](http://www.dei.gr)

**H - Hungary**

Munkaadók és Gyáriparosok Országos Szövetsége - MGYOSZ  
(Confederation of Hungarian Employers and Industrialists)  
EMT - Eurelectric Magyarországi Tagozata

[www.mgyosz.hu](http://www.mgyosz.hu)  
[www.eurelectric.hu](http://www.eurelectric.hu)

**I - Italy**

Confederazione Generale dell' Industria Italiana - CONFINDUSTRIA  
Union of Italian Electricity (UNEI)

[www.confindustria.it](http://www.confindustria.it)  
[www.unei.it](http://www.unei.it)

**IRL - Ireland**

Irish Business and Employers Confederation - IBEC  
Electricity Supply Board (ESB)

[www.ibec.ie](http://www.ibec.ie)  
[www.esb.ie](http://www.esb.ie)

**IS - Iceland**

SI - Federation of Icelandic Industries (Samtök iðnaðarins)  
SA - Confederation of Icelandic Employers (Samtök atvinnulífsins)  
SAMORKA Icelandic Energy and Utilities

[www.si.is](http://www.si.is)  
[www.sa.is](http://www.sa.is)  
[www.samorka.is](http://www.samorka.is)

**L - Luxembourg**

Fedil - Business Federation Luxembourg  
CEGEDEL S.A.

[www.fedil.lu](http://www.fedil.lu)  
[www.cegedel.lu](http://www.cegedel.lu)

**LT - Lithuania**

Lietuvos Pramonininkų Konfederacija - Lithuanian Confederation of Industrialists  
- LPK  
Lietuvos Energija AB

[www.lpk.lt](http://www.lpk.lt)  
[www.lpc.lt](http://www.lpc.lt)

**LV - Latvia**

Latvijas Darba Devēju Konfederacija - Employers' Confederation of Latvia -  
LDDK  
Latvian Association of Power Engineers and Energy Constructors (LEEA)

[www.lddk.lv](http://www.lddk.lv)

**M - Malta**

Malta Federation of Industry - MFOI  
ENEMALTA Corporation

[www.foi.org.mt](http://www.foi.org.mt)  
[www.enemalta.com.mt](http://www.enemalta.com.mt)

**MK - Macedonia, The Former Yugoslav Republic Of**

JSC Macedonian Power Plants

[elem.com.mk](http://elem.com.mk)

**N - Norway**

Confederation of Norwegian Enterprise - NHO  
Norwegian Electricity Industry Association (EBL)

[www.nho.no](http://www.nho.no)  
[www.ebl.no](http://www.ebl.no)

**NL - The Netherlands**

Vereniging VNO-NCW  
ENERGIENED, Federation of Energy Companies in the Netherlands

[www.vno-ncw.nl](http://www.vno-ncw.nl)  
[www.energiened.nl](http://www.energiened.nl)

**P – Portugal**

Associação Industrial Portuguesa - AIP  
Confederação da Indústria Portuguesa – CIP  
ELECPOR, Portuguese Association of Electric Power Utilities

[www.aip.pt](http://www.aip.pt)  
[www.cip.org.pt](http://www.cip.org.pt)  
[www.elecpor.pt](http://www.elecpor.pt)

**PL – Poland**

Polish Confederation of Private Employers Lewiatan – PKPP Lewiatan  
Energy Management & Conservation (EMCASA)

[www.prywatni.pl](http://www.prywatni.pl)

**RO – Romania**

Alianta Confederatiilor Patronale din Romania – ACPR  
Romanian Institute for Energy Development Studies (IRE)

[www.acpr.ro](http://www.acpr.ro)  
[www.ire.ro](http://www.ire.ro)

**RSM - San Marino**

Associazione Nazionale dell'Industria Sammarinese-ANIS

[www.anis.sm](http://www.anis.sm)

**S – Sweden**

Svenskt Näringsliv (Confederation of Swedish Enterprise) - SN  
Svensk Energi Swedenergy AB

[www.svensktnaringsliv.se](http://www.svensktnaringsliv.se)  
[www.svenskenergi.se](http://www.svenskenergi.se)

**SK – Slovakia**

Republikova Unia Zamestnavatelov (RUZ)  
Slovenské Elektrárne a.s. (SE, a.s.)

[www.ruzsr.sk/?pageid=35](http://www.ruzsr.sk/?pageid=35)

**SLO – Slovenia**

Združenje Delodajalcev Slovenije - ZDS (Employers' Association of Slovenia)  
Holding Slovenske Elektrarne d.o.o.

[www.zds.si/en](http://www.zds.si/en)  
[www.seas.sk](http://www.seas.sk)

**TR - Turkey**

Turkish Industrialists' and Businessmen's Association - TÜSIAD  
Turkish Confederation of Employer Associations - TISK  
TESAB (Association of Turkish Electricity Industry)

[www.tusiad.org.tr](http://www.tusiad.org.tr)  
[www.tisk.org.tr](http://www.tisk.org.tr)  
[www.tesab.org.tr](http://www.tesab.org.tr)

## **Employers**

CEZ (Czech Republic)	<a href="http://www.cez.cz">www.cez.cz</a>
ESB (Estonia)	<a href="http://www.energiaaudit.ee">www.energiaaudit.ee</a>
Total (France)	<a href="http://www.total.com">www.total.com</a>
Suez (France)	<a href="http://www.suez.com">www.suez.com</a>
EDF (France)	<a href="http://www.edf.com">www.edf.com</a>
Rhodia (France)	<a href="http://www.rhodia.com">www.rhodia.com</a>
E.on (Germany)	<a href="http://www.eonenergy.com">www.eonenergy.com</a>
RWE (Germany)	<a href="http://www.rwe.com">www.rwe.com</a>
Enel (Italy)	<a href="http://www.enel.com">www.enel.com</a>
Elektrownia Laziska (Poland)	<a href="http://www.ellaz.pl">www.ellaz.pl</a>
Electrica (Romania)	<a href="http://www.electrica.ro">www.electrica.ro</a>
Vattenfall (Sweden)	<a href="http://www.vattenfall.com">www.vattenfall.com</a>
BT (UK)	<a href="http://www.btplc.com">www.btplc.com</a>
British Gas (UK)	<a href="http://www.britishgas.com">www.britishgas.com</a>
Centrica (UK)	<a href="http://www.centrica.co.uk">www.centrica.co.uk</a>
National Grid (UK)	<a href="http://www.nationalgrid.com">www.nationalgrid.com</a>

## **European Observatories**

Industrial Relations	<a href="http://www.eurofound.europa.eu/eiro/">www.eurofound.europa.eu/eiro/</a>
Working Conditions	<a href="http://www.eurofound.europa.eu/ewco/">www.eurofound.europa.eu/ewco/</a>
EU Employment Observatory	<a href="http://www.eu-employment-observatory.net">www.eu-employment-observatory.net</a>
French Public Service Observatory	<a href="http://www.fonction-publique.gouv.fr">www.fonction-publique.gouv.fr</a>

## **Others**

European Social Fund	<a href="http://www.ec.europa.eu/employment_social/esf">www.ec.europa.eu/employment_social/esf</a>
EQUAL	<a href="http://www.ec.europa.eu/employment_social/equal/index_en.cfm">www.ec.europa.eu/employment_social/equal/index_en.cfm</a>

## **Further Information**

Link to Joint Texts: <http://www.epsu.org/r/317>

Links to International Framework Agreements:

EDF: <http://www.eurofound.europa.eu/pubdocs/2007/921/en/1/ef07921en.pdf>

SUEZ: <http://eurofound.europa.eu/eiro/2007/09/articles/EUO0709049I.htm>

Suez on Equality and diversity:

[http://www.archives-suez.com/document/?f-presse/en/DP\\_women\\_SUEZ\\_en\\_28092007.pdf](http://www.archives-suez.com/document/?f-presse/en/DP_women_SUEZ_en_28092007.pdf)

ECOTEC 2001 Report:

<http://www.ec.europa.eu/energy/electricity/publications/doc/ecotecfinalreport.pdf>

ECOTEC 2007 Report: <http://www.epsu.org/a/2939>

# **Appendix 5**

## **Core Checklist for Restructuring**

## Core Checklist for Restructuring

This section can act as a quick reference point for readers to generally review their current experiences and procedures. Readers are reminded that this checklist is a general, abridged list and will only be of real assistance if they have read the more detailed analysis along with the comprehensive checklists at the end of each chapter within this toolkit.

- Are all managers aware of existing legal provisions concerning consultation between employers and employee representatives regarding restructuring and are there provisions and mechanisms for employee representation at all levels of the organisation over restructuring?
- Have managers been trained to put them in a better position to anticipate change?
- Is the process of selection for redeployment, retraining or redundancy selection seen to be consistent, fair and equitable?
- Are the origins of the main drives for organisational change clearly articulated and commonly understood by the social partners, e.g. privatization, liberalisation, technological change, mergers and takeovers etc.?
- Has the *process* of social dialogue over restructuring been planned and agreed between the partners prior to discussion, including its evaluation?
- Are there established structures for social dialogue at different levels of the organisation, e.g. European Works Councils, national works councils, company economic committee etc and are these appropriate for consultation over restructuring ?
- Are European Works Councils monitoring and anticipating organisational change at European level and bringing their expertise to restructuring issues at the national level?
- Have the employer and employee federations been utilised to facilitate the dissemination of good practices undertaken in organisational changes in other companies?
- Is there dialogue over future skills requirements, retraining and redeployment in the light of these and does the company have a long term skills strategy?
- Have the appropriate employer representatives been trained to deal with the restructuring process and has any joint training between the social partners been undertaken?
- Do the employers and employee representatives have agreed information and/or discussion rights concerning expected or proposed organisational change?
- Are there provisions within these rights concerning the timing of the exchange of information between the social partners and do employee representatives have time for adequate preparation and to consult with their constituencies?
- Have the social partners referred to International Framework Agreements or previously agreed joint texts in their discussions on how to approach organisational change?
- Have the social partners established or referred to Employment Observatories that can provide information on employment trends, demographics and/or HR needs within the sector?
- Are there third parties that could be involved in the process, particularly European, national and/or regional initiatives in place that would assist organisational change in your locality, e.g. European Social Fund, funded regeneration programs or education initiatives?
- Where public authorities have a potential impact on organisational change, are they seeking the same outcomes as the social partners?

- Have the trade unions had the opportunity to suggest alternatives to restructuring or redundancies and have the partners considered how to mitigate the negative impacts of restructuring?
- Is there a long-term redeployment programme which facilitates the movement of employees from jobs which will become obsolete to areas where there will be demand for skills and is there a mechanism in place to monitor and facilitate such possibilities?
- Have the social partners considered the potential issue of retaining older workers including i.e. the benefits of retaining older workers, the implications of European and national age discrimination legislation, promotion of life-long learning?
- Are there mechanisms to monitor and evaluate retraining programs?
- Have the potential effects of organisational change, such as intensification of work, been considered by the social partners in relation to the health of the remaining workforce and the effect of redundancy on those departing?
- Have companies' occupational health services been involved in the process of organisational change?
- Do the trade unions involved in organisational change provide advice and/or practical support on health-related issues?
- Have the social partners considered mechanisms for employees to monitor their own health status, and if so, is the resulting information available to those who are making strategic decision concerning organisational change?

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- <sup>vii</sup> Blyton et al, 2001: 447
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- <sup>ix</sup>Ibid, p55.
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- <sup>xix</sup> Climate Change and Employment SDA et al 2005:50
- <sup>xx</sup> European Employment Strategy 2000
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