



WORKING PAPER

No 7

Socially responsible restructuring

Effective strategies for
supporting redundant workers



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Foreword

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

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

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

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

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

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Executive summary

Scope and context

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

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

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

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

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

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

Enterprise restructuring and careers guidance in context

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

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

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

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

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

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

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

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

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

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

Career guidance and socially responsible practice

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

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

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

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

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

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

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

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

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

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

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

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

Enterprise capacity and collaborations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Innovations and effectiveness

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Issues and implications

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

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

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

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

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

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

1. The review

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

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

1.1. Scope, objectives and methodology

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2. Report structure

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

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

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

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

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

2. Enterprise restructuring and career guidance

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

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

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

2.1. Enterprise restructuring: recession and structural change

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2. Career guidance, employment and employability

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

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

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

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

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

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

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

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

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

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

2.3. Challenges and opportunities of socially responsible practice

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4. Understanding the national contexts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.5. Public policy and wider area responses in restructuring

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.6. Individuals and restructuring

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

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

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

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

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

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

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

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

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

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

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

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

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

2.7. The research challenge: innovation and effectiveness

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

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

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

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

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

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

3. Career guidance and socially responsible practice

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

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

3.1. Delivering career management skills

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

3.1.1. Delivery, practice and modes of support

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

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

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

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

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

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

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

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

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

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

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

3.1.2. Purposes and models of guidance

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

GOOD PRACTICE CASE STUDY

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

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

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

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

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

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

Source: Case study 8.

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

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

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

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

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

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

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

3.2. Aiding access for all to guidance services

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

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

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

3.2.1. Differentiation in career guidance support

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

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

3.2.2. Support for vulnerable workers

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

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

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

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

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

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

GOOD PRACTICE EXAMPLE

Guidance in support of restructuring at Royal Copenhagen

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

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

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

Source: Plant, 2004.

3.2.3. Support beyond the workforce

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

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

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

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

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

3.3. Developing quality assurance in guidance

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

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

3.3.1. Quality assurance and evaluation

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

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

3.3.2. Practitioner competence

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

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

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

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

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

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

3.4. National, regional and local stakeholder cooperation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Enterprise capacity and collaborations

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

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

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

4.1. Enterprise capacity and career guidance

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

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

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

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

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

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

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

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

Source: European Trade Union Confederation, 2007a.

4.2. Partnerships and external capacity

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

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

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

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

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

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

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

GOOD PRACTICE EXAMPLE

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

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

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

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

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

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

Source: Case study 14.

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

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

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

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

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

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

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

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

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

4.3. Cooperation with PES

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

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

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

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

4.4. National and European capacity development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Innovation and better practice

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

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

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

5.1. Effectiveness and impact

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.2. Enablers to effective practice and constraints

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

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

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

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

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

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

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

Enhanced severance terms

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

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

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

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

Source: Van Kempen, 2008.

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

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

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

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

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

Employer and works council collaboration

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

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

Source: Case study 1.

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

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

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

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

5.3. Innovation quality

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Peer group discussions

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

Source: Case study 2.

5.4. Better practice and organisational maturity

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

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

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

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

5.5. Better practice and transferability

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

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

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

6. Case studies on socially responsible restructuring

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

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

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

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

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

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

6.1. **Autovision, Germany (CASE STUDY 1)**

6.1.1. **Background and context**

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

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

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

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

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

6.1.2. Restructuring and job losses

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

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

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

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

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

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

6.1.3. Restructuring practices and processes

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

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

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

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

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

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

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

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

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

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

6.1.4. Cooperation and external capacity

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

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

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

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

⁽⁴¹⁾ German: 'Probearbeitsverhältnis'.

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

6.1.5. Impact and effects

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

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

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

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

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

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

6.1.6. Innovation and effectiveness

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

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

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

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

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

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

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

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

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

6.2. BenQ Mobile in Germany (CASE STUDY 2)

6.2.1. Background and context

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

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

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

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

6.2.2. Restructuring and job losses

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

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

6.2.3. Restructuring practice and processes

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

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

6.2.4. Cooperation and external capacity

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

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

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

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

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

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

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

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

6.2.5. Impact and effects

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

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

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

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

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

6.2.6. Innovation and effectiveness

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

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

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

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

6.3.1. Background and context

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

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

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

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

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

6.3.2. Restructuring and job losses

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

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

6.3.3. Restructuring practices and processes

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

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

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

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

6.3.4. Cooperation and external capacity

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

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

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

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

6.3.5. Impact and effects

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

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

6.3.6. Innovation and effectiveness

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

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

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

6.4.1. Background and context

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

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

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

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

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

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

6.4.2. Restructuring and job losses

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

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

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

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

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

6.4.3. Restructuring practices and processes

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

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

6.4.4. Cooperation and external capacity

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

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

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

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

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

6.4.5. Impact and effects

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

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

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

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

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

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

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

6.4.6. Innovation and effectiveness

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

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

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

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

6.5.1. Background and context

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

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

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

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

6.5.2. Restructuring and job losses

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

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

6.5.3. Restructuring practice and processes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.5.4. Cooperation and external capacity

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

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

6.5.5. Impacts and effects

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

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

6.5.6. Innovation and effectiveness

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

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

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

6.6. Karmann, Germany (CASE STUDY 6)

6.6.1. Background and context

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

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

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

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

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

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

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

6.6.2. Restructuring and job losses

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

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

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

6.6.3. Restructuring practice and processes

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

6.6.4. Cooperation and external capacity

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

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

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

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

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

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

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

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

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

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

6.6.5. Impact and effects

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

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

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

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

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

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

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

6.6.6. Innovation and effectiveness

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

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

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

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

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

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

6.7. Swedbank AS, Latvia (CASE STUDY 7)

6.7.1. Background and context

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

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

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

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

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

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

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

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

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

6.7.2. Restructuring and job losses

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

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

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

6.7.3. Restructuring practice and processes

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

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

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

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

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

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

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

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

