

Restructuring anticipation

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the nature of restructuring is changing because the nature of firm is changing

- ***The “non-standard” firms*** are becoming more and more interested by vertical disintegration or, better, by horizontal processes of “pragmatic collaborations“, “learning by monitoring“, benchmarking, simultaneous engineering, error detection, etc. (Sabel et al.);
- ***Firms and territories*** are more oriented to “price reduction” and to “specialized” sub-contracting, while the old industrial districts will have to enter global and longer networks;
- ***Multiplication and combination of delocalisation (offshoring) and outsourcing*** are managerial strategies in permanent discussion and modification in the same country and at the international level, inside and/or outside EU, producing a global fragmentation of activities, in production and services, as pointed out by our research and many other empirical surveys (S. Berger and *the MIT Industrial Performance Center*);
- ***Strategic processes of restructuring are then requiring strategic forms of anticipation and innovative practices at global and local levels***

WHY RESTRUCTURING AND WHY RESTRUCTURING ANTICIPATION?

“It’s better to change when things are going well...”

A definition of restructuring anticipation:

***time and space
to change the structures of workplaces
in order to make them more adequate to
global markets,
ICT innovation,
labour policies and human capital evolution,
in a reasonable equilibrium
between social and economic needs***

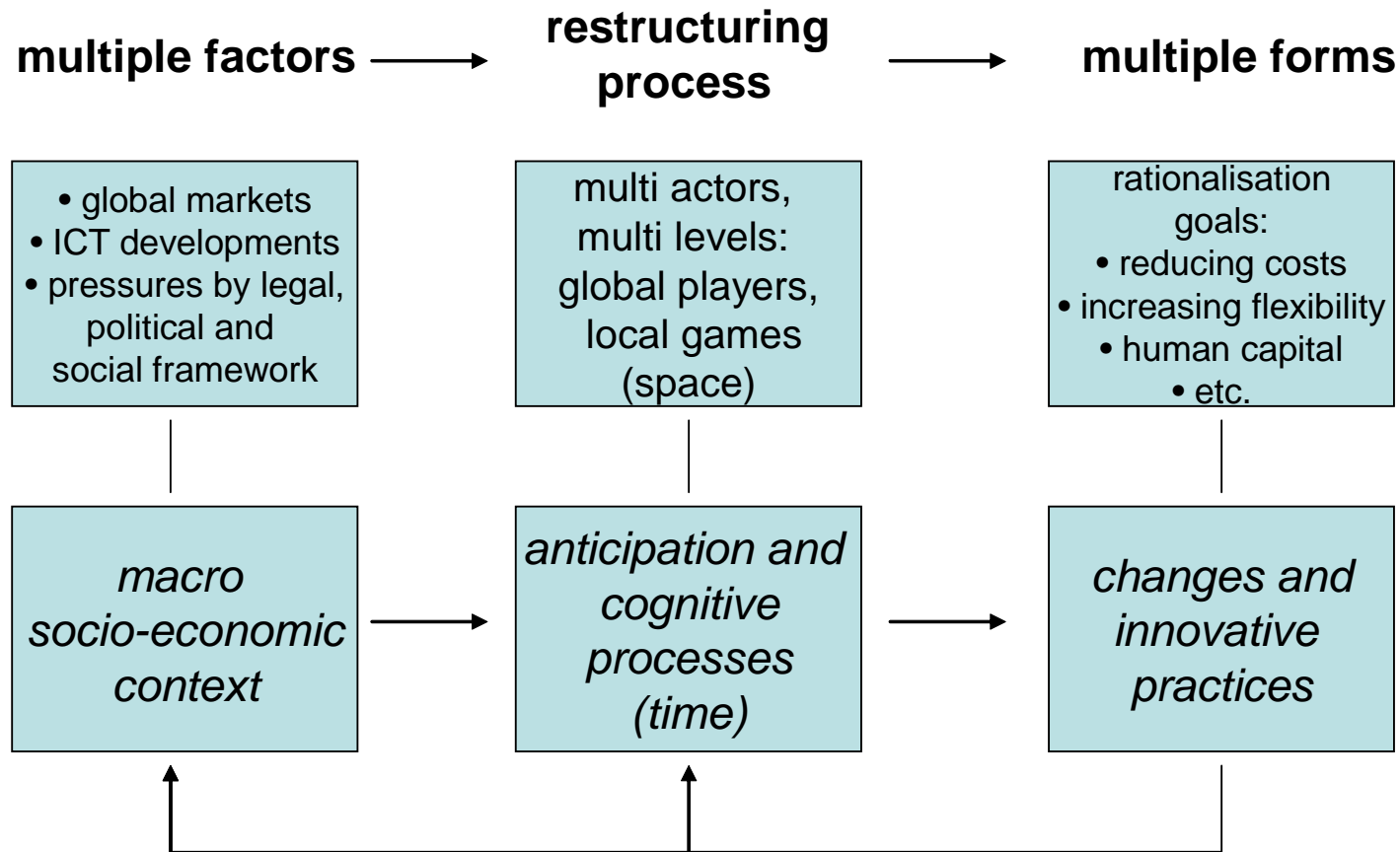


Figure 1. The multi-dimensions of restructuring anticipation

Restructuring of what?

Operational anticipation

“the restructuring of enterprises often entails costs that can be very high, not only for the workers concerned but also for the local or regional economy. The preservation of social cohesion, which is a distinctive characteristic of the European social model, requires the introduction of accompanying policies designed to reduce the social costs to a minimum and to promote the search for alternative sources of jobs and income”

COM (2005), 120

**Restructuring of what?
Strategic anticipation:**

“We need time to discuss, argue and agree...”

“the prosperity and well-being of European citizens depend on economic players and workers adapting rapidly to the current far-reaching socio-economic changes, which are translating into the creation and development of new economic activities, but also into the contraction, or even disappearance, of existing activities and the related jobs...restructuring must form part of a long-term vision of the development and direction of the European economy in order to ensure that changes really are a way of strengthening its competitiveness”

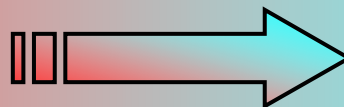
COM (2005), 120

Operational and strategic anticipation: different goals and methods

- **Operational anticipation:** to govern the restructuring process in the best way and to limit its social negative impact, according to a “curative” or an *ex post* approach, that can be both “à chaud” and “à froid”; tools and procedures are thought and carried out, early, to prepare workers (to keep or to reduce), organisations, work process, and local labour market to the consequences of restructuring, aiming at moderating the latter on the skill trajectories of workers and on the territorial economic context
- **Strategic anticipation:** for a permanent employability for workers and for avoiding... restructuring, according to an *ex ante* approach, aiming at realizing, in advance, strategies, practices and measures, structuring and adapting firm and workers to all internal and external shocks and transformations deriving from changes in the macro-economic context.



CHART 1. RESTRUCTURING ANTICIPATION BETWEEN LEVEL AND FIELD OF ACTION	Operational anticipation 1 ("à chaud")	Operational anticipation 2 ("à froid")	Strategic anticipation
MANAGEMENT <i>Headquarters / Local management</i> [centralization CE, local autonomy LA, cooperation COO, conflict CON]	Dinosol [CE] Ea [CE] Gisi [CE, CON] GE Energy Products [CE] Lejabi [LA] Abn_Amro [LA] Ruhr Kristall Glas [COO] Celestica [CON]	Ibm [CE] Arcelor [CE] Dexia [CE] Novelis GmbH Germany [CE] Alcan Singen [CE] Fehrer Automotive Systems [CE] B. Cable and Wire Nederland [CE] V. Business [CE]	F. Services BV [CE] Thomson Video Glass [CE] StM [LA] Ugine [COO]
EUROPEAN (MACRO) Social dialogue: information and consultation <i>Headquarters / European Work Council</i> [information and consultation IC, no social dialogue NSD]	Alcatel [IC] Ea [IC]	Dexia [IC] Ibm [IC]	StM [IC] Ugine [IC] F. Services BV [NSD]
BILATERAL MICRO LOCAL GAMES <i>responding to global player (local autonomous collective bargaining).</i> <i>Local management /work council</i> [conflict CON, cooperation COO]	Abn_Amro [COO] Celestica [COO] Dinosol [COO] Finger & Pelz GmbH [COO] Ruhr Kristall Glas [COO] Gisi [initial CON, then COO] Alcatel [initial CON, then COO] Lejabby [CON, but they signed an agreement] GE Energy Products [CON]	Dexia [COO] Azucarera Ebro [COO] Fehrer Automotive Systems [COO] Novelis GmbH Germany [COO, at last] Ibm [CON, but they signed an agreement] Arcelor [CON] Alcan Singen [CON]	StM [COO] Ugine [COO] Sabaf [COO] Zwickau [COO] Thomson Video Glass [CON, but they signed an agreement]
LOCAL TRIPARTITE GOVERNANCE with social measures from job security to career security on the labour market. <i>Local authorities/local management /local trade unions</i> [public policies PP, local concertation LC]	Celestica [LC, only formal] Lejabi [LC, PP] Finger & Pelz GmbH [LC, PP] Ruhr Kristall Glas [LC, PP] Alcatel [PP, at european level]	Alcan Singen [LC] Arcelor [LC] Ibm [LC, PP] Fiat [PP, LC] Azucarera Ebro [PP]	Thomson Video Glass [LC] Sabaf [LC] Zwickau [PP, LC] Ugine [PP, LC]

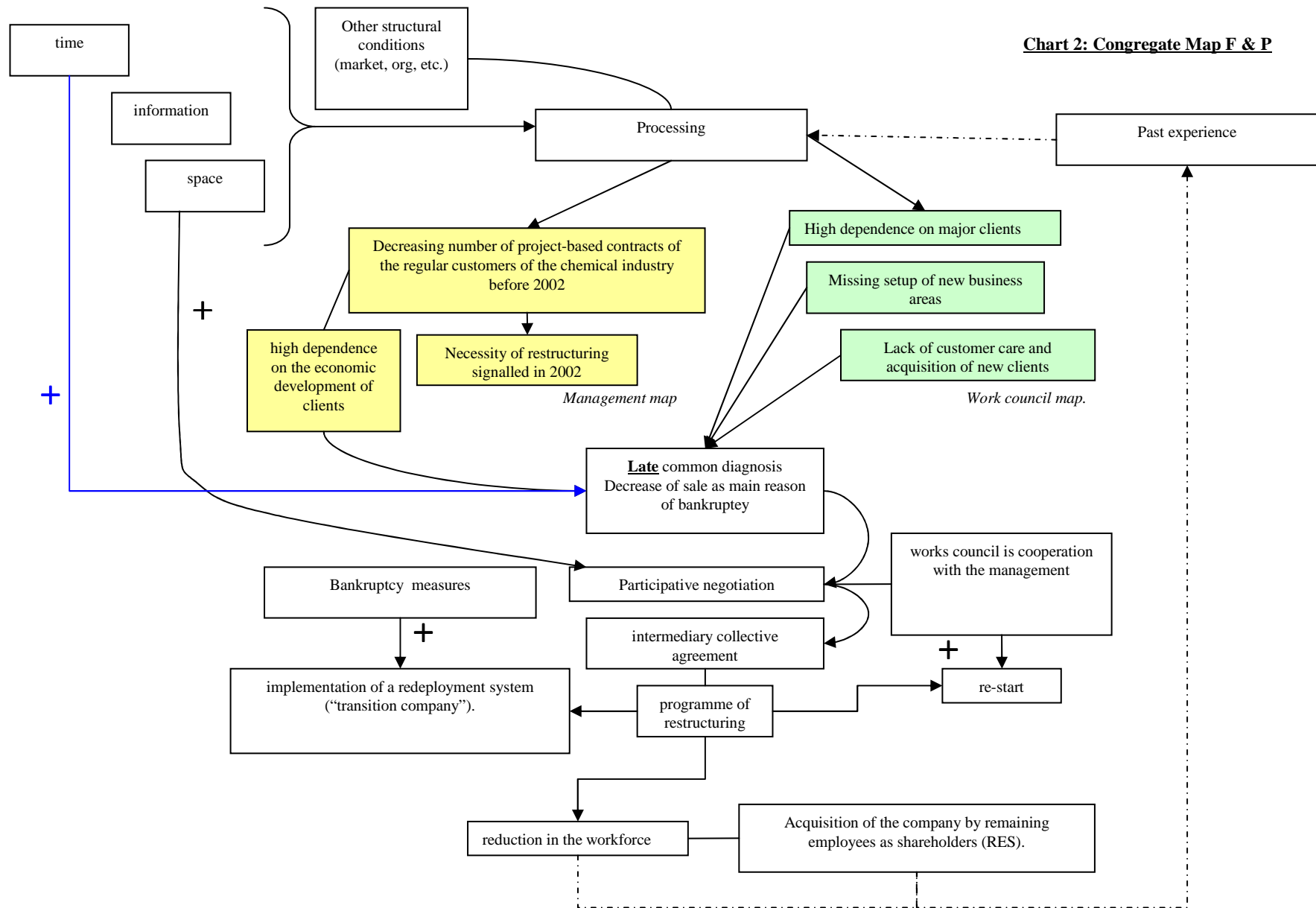


The cognitive factor of a shared restructuring anticipation:

“We received support from unions in the past..., we do not close the door to them now”

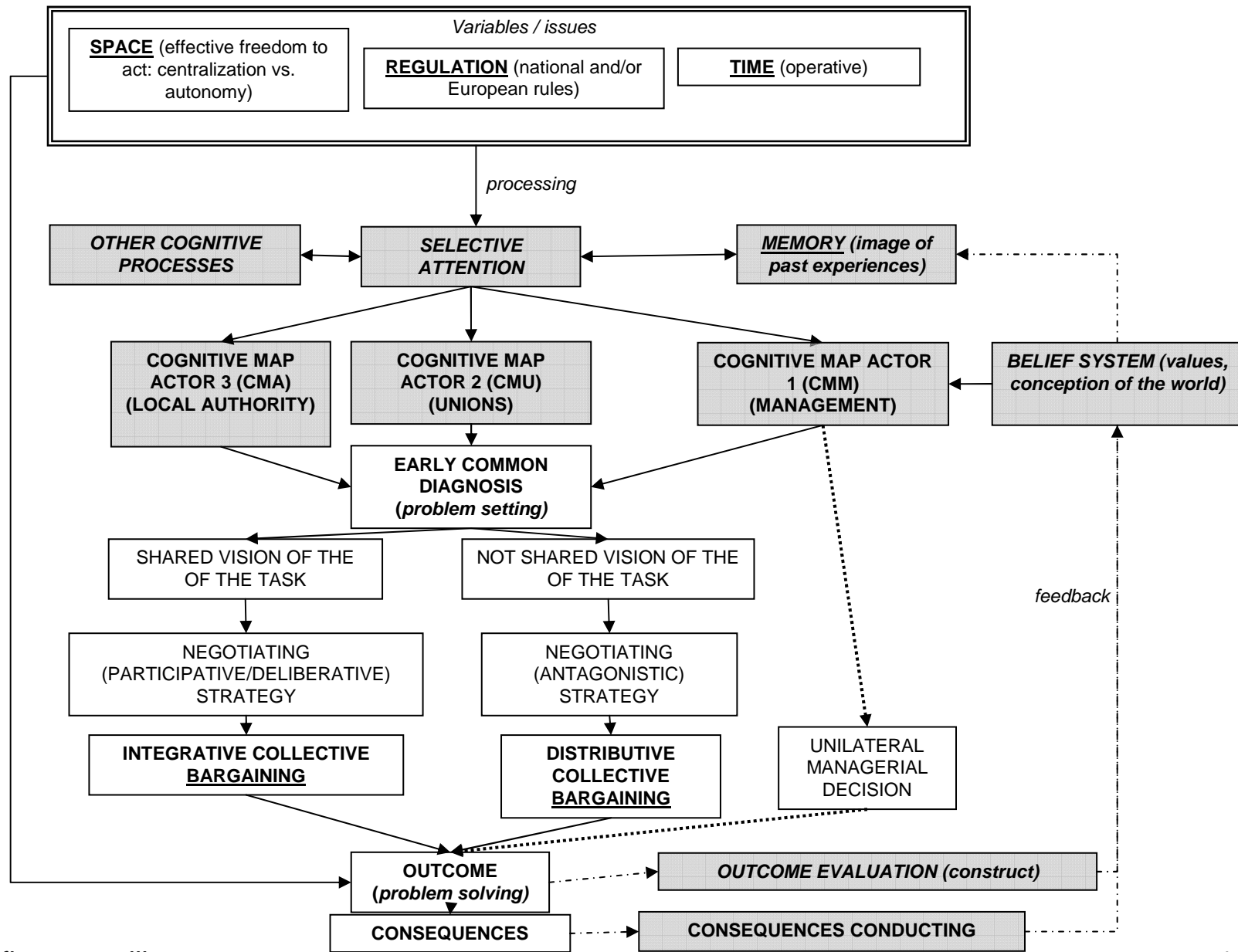
- for the strategic anticipation, we assume that the “**cognitive maps**” of the local actors involved in restructuring are determinant for their actions;
- Cognitive maps as essential tools to face the complexity of the environment through “**simplified representations**”, depending on human behaviour of attributing causal relationships to the facts in order to have some control on the economic and social context and to evaluate the alternative available options
- the aim of our analysis, of course, did not consist in building the overall cognitive maps of all actors involved in the restructuring process (achievable only by playing upon direct sources and while the decision making process was in progress), but played upon the notion of ***congregate maps***

Chart 2: Congregate Map F & P



5 conditions of restructuring anticipation

- **time**, as a pre-condition for information, consultation, participation, social consensus and collective bargaining on restructuring strategies;
- **space**, to leave some freedom to act for local actors: management, unions, and public authorities;
- **memories**, about collective bargaining processes conducted in an “integrative” way more than in a “distributive” one (Walton, McKersie, 1965);
- **cognitive maps**, as the main tools for local actors to interpret and to have control on changing macro-economic and social context;
- **early common diagnosis**, as the result of a process in which the original preferences of actors, deriving from their cognitive maps, can be changed originating a compromise between reciprocal economic and social interests.

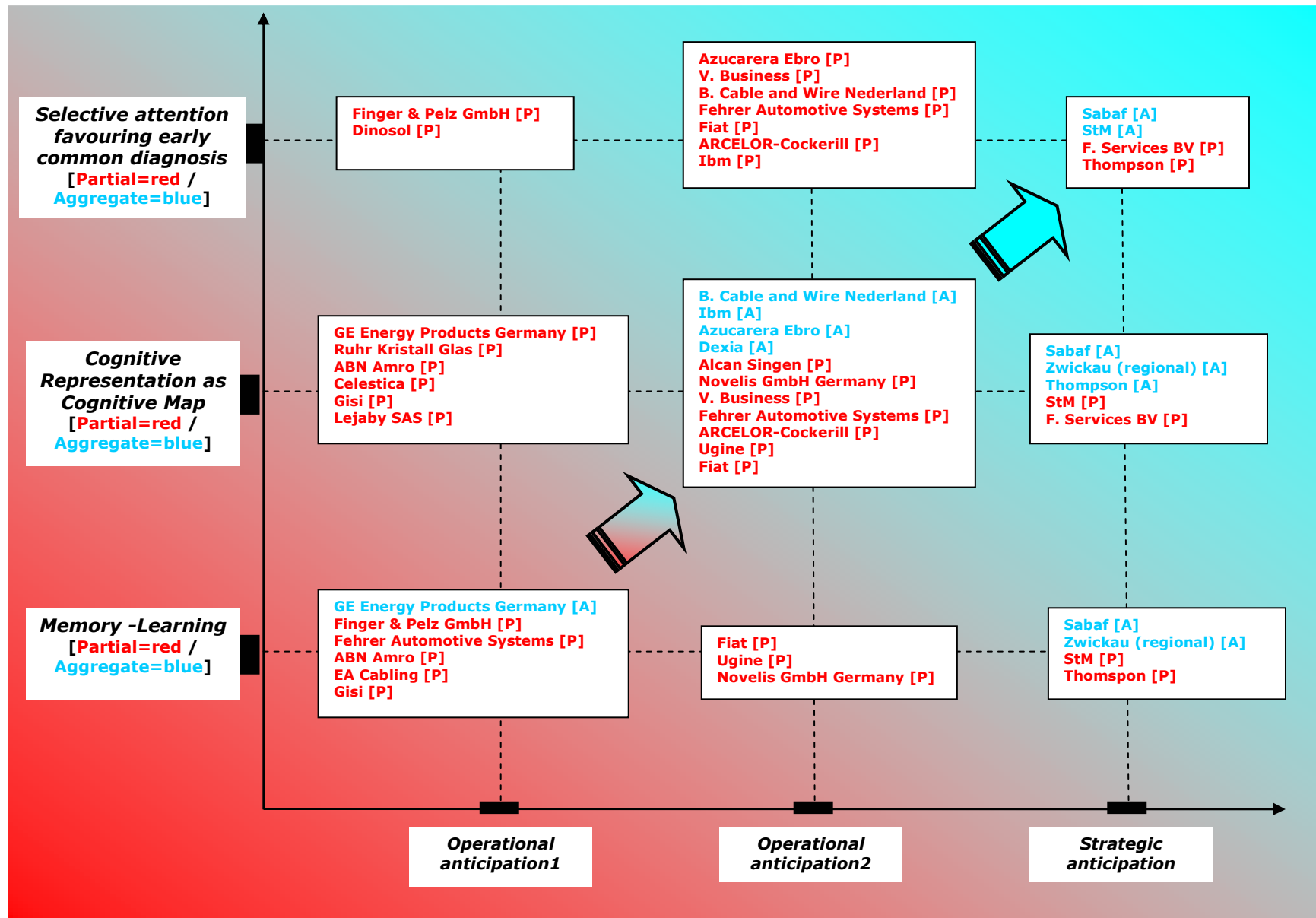


Types of anticipation process

- **Operational anticipation 1:** to manage the last and more negative social effects, also after plant closures, and/or to face crisis that has already occurred. This one can be alternatively labelled as “anticipation on the spur of the moment”.
- **Operational anticipation 2:** to anticipate and manage the effects of strategic decisions of global players as “local games”, and/or trying to face a decline that is going to take place.
- **Strategic anticipation:** to anticipate market and technological factors at the origin of economic change: innovative practices; and/or trying to anticipate future “possible” negative events or to innovate and restructure also in good economic trend.

Cognitive variables

- **Memory:** a sort of learning behaviour starting from past experiences, if present, referable to many stakeholders (aggregate) or only to few of them (partial).
- **Cognitive representation:** the view of the current and future socio-economic scenario by agents, that can be congregate, or shared, rather than partial.
- **Selective attention:** the capability of focusing on the core aspect of the environment, that can be referable to many stakeholders (aggregate) or only to few of them (partial).



Global players and local games

“we are competing with all other plants: we are a multinational and make investments or outpace production where it is more convenient”

- ***Space and time*** to develop local collective capabilities, but also to develop, at the sector and territorial levels, actors' strategies between global players and local games
- ***Social governance matters***, because restructuring anticipation is more and more the result of interactions among different actors (local and extra-local ones, public and private ones, interest associations and institutions, etc.) and among their perceptions of restructuring consequences, which are highly influenced by the headquarters' strategies dealing with healthy/not healthy local plants and the perceived competitive/not competitive activities:

TAB. 1. PERCEPTIONS OF RESTRUCTURING CONSEQUENCES

	<i>Dealing with a “strong”/ “healthy” firm (local unit)</i>	<i>Dealing with a “weak”/ “unhealthy” firm (local unit)</i>
<i>Headquarter diagnosis: activities no more competitive in Europe</i>	<ul style="list-style-type: none"> •Thomson •IBM •Alcatel •Lejaby <p><u>Recurring strategies:</u></p> <ul style="list-style-type: none"> •Delocalization (separation between firm’s and territory’s strategies) •Reconversion 	<ul style="list-style-type: none"> •Celestica •EA <p><u>Recurring strategies:</u></p> <ul style="list-style-type: none"> •Closure, plants shutdown •Delocalization in a “multinationalization” strategy
<i>Headquarter diagnosis: activities competitive in Europe</i>	<ul style="list-style-type: none"> •Sabaf (Lumezzane) •STM •ABN-AMRO •F •Zwickau •Finger & Pelz •Arcelor •Dexia •Azucarera <p><u>Recurring strategies:</u></p> <ul style="list-style-type: none"> •Innovation (prosperous firm in a prosperous territory) •Multinational expansion of productive capacities (search for new markets, merger and acquisition...) 	<ul style="list-style-type: none"> •Fiat Mirafiori •Novelis •GE Energy Products •RKL •Dinosol •V •Alcan •GISI •Ugine <p><u>Recurring strategies:</u></p> <ul style="list-style-type: none"> •Costs reduction, contraction •Delocalization or closure

The EU role on restructuring anticipation and about local governance of global dynamics

- *In the new reality of restructuring between global players and local games, anticipation and regulation can be assured only by reinforcing tools of EU governance. If the pressures of globalisation are fostering processes of local games and **'regime competition' among territories inside countries and inside firms**, an highly responsible task for the European Social Dialogue will be more and more **to be able to regulate the process at the higher level, to limit the unfair competition, to avoid the bad consequences of "local games" for European working people and to improve the quality of their jobs.***
- ***The strengthening role of workers' and employers' representatives in managing the "pertinent information" and social concertation at the EU level** is then the real necessary condition in facing the nature of the new processes of restructuring and in particular their cognitive and diagnostic elements.*