



Anticiper pour une gestion innovante des restructurations en Europe
Anticipating for an Innovative Management of Restructuring in Europe

**ANTICIPATION OF RESTRUCTURING
IN THE EUROPEAN UNION**

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Summary of the AgirE Project Final Report

Summary of the AgirE Project Final Report

Between November 2005 and February 2008, the AgirE Project was made possible through financial support from the European Social Fund, which wanted to find new courses of analysis for European players and European decision-making bodies in the framework of a programme focused on change dynamics in Europe. It was supported by a European¹ and multidisciplinary² partnership that led to the realisation of 26 case studies in 6 countries in the Union.

The focus of the project was thereby given to an analysis of European restructurings, which led to a variety of consequences.

- The first was to give the restructuring analysis a macroeconomic perspective. The purpose this was to identify the major ways in which the economy in the European Union is transforming and how they impact decisions about restructurings in companies that are developing their market and business in the Union. Therefore, case studies conducted during the project needed to be examined with relation to the globalisation processes of companies and markets, by integrating the options available to companies inside the European Union and outside the European Union as the primary and self-evident concept.
- The second consequence was to not focus the analysis on national diversities, which are understandably as much the focal point of research on restructurings³ as the model in each Member State is vital for explaining the economic and legal framework in which restructuring is used at a given site as well as the context of the set of players: labour and management, institutional or regional players.

From its conception, the project considered that the Union had a major responsibility in the management, control and increased rate of restructurings, which should not be limited to offering Member States optional courses of action or assuming that the voluntary participation of companies would be sufficient for reducing the economic and social problems caused by restructurings. It also became apparent that the significant differences in the Union between the “winning” countries and the “losing” countries must be taken into account, all while analysing the relocation of economic actions outside the European Union.

¹ France (Groupe Alpha: Alpha Conseil et Sodie) project leader, Belgium (Observatoire Social Européen), Germany (PCG-Project Consult), the Netherlands (GITP-OR), Sweden (NIWL, foundation dissolved by the government during the project), Spain (Labour asociados), Italy (Fondazione Seveso), Alphametrics (Great Britain, Brussels) and the European University Institute (Europe, located in Florence).

² Law, economy, management, political science, sociology. The partnership contained members, experts, practitioners, consultants and university representatives. The Alpha group under the supervision of Mireille Battut was project manager and coordinated the case work; scientific coordination was done by the European University Institute under the supervision of Prof. Marie-Ange Moreau.

³ See the compared analyses done in the Mire project, cited (project funded by the FSE in the previous phase).

The AgirE Project was conceived based on the need to create analyses and instruments that make it possible to set up truly anticipatory processes for restructurings. Anticipation was examined within a broad scope: to stay in line with its European focus, the AgirE project chose to integrate the role of the Union in establishing provisions for anticipative measures while combining it with a strategic and operational analysis of anticipation centred on the sets of players in the company and the region. The context players put into place leads to new practices based on the concept of innovation in the anticipative handling of changes affecting the company or region.

Anticipation and Innovation were therefore the two key words for the research.

It was immediately clear that in order to obtain these two objectives, an analysis framework would have to be targeted and defined that accounts for the intrinsic transformations of restructurings. Consequently, the first step in the analysis was the framework in which restructurings have been developing since 2000-2002 so recent developments in the processes that change its nature are included.

The first part of the report is therefore dedicated, on the one hand, to the analysis of quantitative instruments that had been implemented to attempt to target the trends that exist in the Union as accurately as possible and, on the other hand, to an attempt to systematise the multidisciplinary analysis of restructurings that can contribute to a definition and to introduce a typology of restructurings acceptable at the European scale, beyond national differences. Quantitative analysis, definition and typology can provide decision-makers a suitable instrumental and analytical framework contingent on the characteristics of restructurings identified recently.

The second part of the report explains the consequences of this analytical framework on anticipation and innovation and specifies the consequences of action for players in companies and regions. It focuses on bringing out all the consequences it has on the field of European policy.

1. Transformation of the Instrumental and Analytical Framework of Restructurings

1.1 The Need for a Quantitative Analysis at the Level of the European Union⁴

A detailed analysis of the information collected for the ERM⁵ between 2002 and 2006, in addition to the statistical data from Europe, shows that a quantitative analysis of the data at the European scale is essential.

These data present a certain number of weaknesses⁶ but reveal some extremely interesting trends. Only a few partial elements are provided in this document (a summary of observations from the quantitative analysis is provided elsewhere).

Thus, it appears that the number of job losses in the Union reached a peak in 2002 and has since declined. The countries in the Union touched the most by job losses are Great Britain and Germany, and then come France, Spain and Italy with 50% fewer job losses. At the same time, the number of jobs created was highest in Germany (21%), Great Britain (16.8%) and France (14%). As for types of restructuring, it seems that internal restructurings are by far the majority (49.8%) as opposed to company closings (21%), relocations (8%) and outsourcing (1.2%). Job losses associated with relocations were very high in 2005-2006 in some countries such as Austria (21%), Denmark, Ireland (26-28%) and Portugal (40%). Restructurings make up for 62% of job losses, whereas relocations and outsourcing Europe-wide account for 5.6%.

Of course, there are significant differences by country and by sector, which are very valuable to specify for steering national as well as European policy action. As for sectors, job losses have primarily affected the automobile industry (7%), TV/telecommunications (16%), electronics (5%), which are not relatively different from the textile industry (3%). Jobs were mostly created in sectors like distribution (27%), services in electronics sector (10%) and the automobile sector (8%) and, of course, had different effects depending on the countries being reviewed.

The analysis also shows the relations between job losses and gains by country and sector that make it possible to attempt to assess needs for retraining and career transition mechanisms by country and sector. Mobility trends in the Union and outside the Union are also extremely interesting: 52% of relocations are to Asia (90% coming from Great Britain) and involve multinationals. American and Japanese multinationals are more prone to moving their businesses to the least costly places outside

⁴ Chapter 1 of the report, analysis done under supervision of Alphametrix, Terry Ward

⁵ European Restructuring Monitor,

⁶ In particular, because they are collected through the media and only concern job cuts of more than 100 people.

the Union than are European multinationals. Job losses in the Union relating to relocations outside the Union concern services (2/3) more than production.

Lastly, it has been observed that there is a significant polarisation of activities and a concentration of job losses (for example, the Berlin region) and job gains (for example, Leipzig).

These trends illustrate that the Union has the means to provide itself an essential analysis tool to quantitatively assess the transformational trends that are occurring at the same pace as corporate strategies on the global marketplace.

The AgirE Project shows that the ERM is a significant basis of analysis that must/may be improved on the data collection field, explained statistically (classified, link with Eurostat), expanded to include more precise data by sector and company size⁷.

The analysis of job losses and gains as well as the movements of economic activities shows there is a need to focus the establishment of anticipatory measures by **sector**, to integrate a **global analysis in specifying Union/non-Union data and to foresee the systematic link between these quantitative data and the action players take in companies and regions.**

The quantitative analysis also shows that the profile of restructurings has recently undergone major changes that call for a “rereading” of restructurings to bring out their main characteristics.

1.2 Transformation of the Analytical Framework of Restructurings

Transformations in the analytical framework of restructurings involve a translation of the changes occurring in strategies used by companies because they are becoming global and changes in methods of production, organisation and market financialisation. Searches for new markets and streamlining/minimising costs are ubiquitous and are supported by the possibility for companies to play with the relationship between space and time. Thus, restructurings are not only a signal of deindustrialisation but also the concrete expression of the sophistication of strategies of companies that, depending on their economic and/or financial and shareholder objectives, use the options globalisation offers them to localise their activities (play on space), transform their organisation internally and internationally (relocations, outsourcings), their management style (project-based management, business units, developing “servicification” services) without limiting either space or time with, however, modulation along sector lines⁸.

Since these strategies are driven by management, they determine the sets of players who, nevertheless, are still conditioned by the local context in a suggestive number of cases studied. These recent shift in players has led to a rise in **fundamental imbalances of power and means of action** between

⁷ Technical data are detailed in the report.

⁸ Faster transformations in the electronics sectors, for example, than in the automobile manufacturing sector.

management and labour representatives. A strong link has been observed between the types of organisational structures of management, shareholder structure (insider/outsider/hybrid forms), the degree of the company's globalisation and the spaces players are given to take action. The traditional national space, connected to the powers that position themselves at the restructured site has eroded, limited by the global organisation of management.

Thus, the levels of action and reaction are **multiplying** and go beyond the local functional framework, which would require a corroborating capacity of labour and management to react in terms of space and time.

As for the region, it seems it is becoming a laboratory that mobilises players from a perspective of decompartmentalising places for action. It may be that the place of action that goes beyond the inadequate framework of the company is integrating itself into a local economic context, yet also international. It allows partnerships to be built that bring together many players and may be an alternate place of action when the context of the company proves unsuitable.

This analysis has shown that restructurings have not only changed in terms of character and rate, since they tend to become permanent, but also that the processes have become extremely complex. Restructurings have turned into complex, multifaceted and multifactor processes.

Three major characteristics explain this complexity: restructurings involve multidimensional transformations in a company, which involve all the functions of the company (strategy, finance, production, organisation, social/HR)⁹. This **multifaceted** aspect is also found in policies that have an impact on restructurings¹⁰.

Restructurings oblige the integration of the various levels of action in the company once it reaches the size of a community and/or multinational, the region as place of action and where regulatory levels are articulated and policy action: regional, national and European. Action at several levels (**multilevel**) is thus imposed on all the players, whether they are in the company (management/labour representatives), in the region (local authorities, research and innovation centres, institutional networks) or involved in policy (local/regional, national, European policies). Thus, restructurings impose **multiplayer** forms of logic. These three characteristics have been summed up in what we have named the "**3M Rule**": consideration for these three aspects—multidimensional, multilevel, multiplayer—helps fine-tune the definition of restructurings and establish a typology that accounts for the **complex interdependencies** that exist in restructuring processes.

⁹ See the table in chapter 2 of the report

¹⁰ Summary table, chapter 2 and see below on European policies

The “3M Rule” makes it possible to verify whether all the actions taken, in the realm of players’ reactions as much as in policy, observe these three aspects—the only guarantee of adequacy to the complexity of restructuring processes.

Therefore, the AgirE Project is developing the idea that the approach to Anticipation and Innovation must systematically be based on these three characteristics.

This analysis has led to a proposed definition of restructurings that is explained in a general table.

Restructuring is a complex multifaceted and multidimensional process which includes changes in the organisation of the company, in its form, scope and activities. It is the result of multiple economic purposes and objectives of the company management according to changes implied by the globalisation of the economy. It manifests itself through the closing of businesses, workforce reduction, an increased flexibility, streamlining of the business, national as well as international outsourcing and structural and functional expansion and diversification having major consequences on the structure and quality of employment.

Adopting a common definition at the European level does not entail legal consequences¹¹. It makes it possible to establish a cohesive course of action throughout Europe.

It is important here to emphasise that the analytical matrix presented hereafter sheds light on the concepts of the complexity of analysing restructurings: multifactor event (economic rationalities and objectives pursued in the company categorised in the “context” column), multiform (details on the operations), multiplayer (columns: process, effects, support for regional partners of the company, local/national/European authorities), implementation process for the operations ranging from information to consultation and negotiation, which can be two-party or tripartite (implementation column). The support measures are as diverse as the beneficiaries.

Using this analytical matrix to analyse the cases in the project shows there is practically no systematic correlation between elements specific to the context of restructuring, the processes implemented and the effects and support measures of restructurings, which shows that the process revolves around the sets of players and their use of public policies.

It was also necessary to try to systematise the interactions that explain the synergies that are set up during restructuring processes.

Thus, the second part of the typology presented by the AgirE Project identifies the variables that account for interactions that make up the “profile” of restructuring.

¹¹ Restructurings are essentially subject to national regulations. They are overseen by a community framework on economic freedoms, the OMC/SEE policy for guidelines, directives adopted in corporate law and especially social directives on company transfer, economic redundancies, information and consultation for workers and the economic works council. All of these elements are discussed in chapter 5 of the report.

Some variables serve to outline ways corporate restructuring are conducted, which manifest themselves either by a centralised process by the employer of operations and the handling of the restructuring (unilateral method) or through in-depth modes of consultation and negotiation.

The case analyses show that **the process** of the restructuring is determined by:

- 1) the social culture of the country and its labour representation model,
- 2) the company's specific culture determined by the relations existing between management (Corporate Governance structure) and labour representatives,
- 3) the group's degree and method of globalisation, which explains a lesser or greater consideration for the local aspect and determines its relations with labour representatives,
- 4) how and where decisions are made that cause labour laws to erode and the interests of stakeholders to be fragmented due to being distanced from the centres of decision-making (see table Annex 4).

The variables that have a regional impact, which explain how we are moving from an **imposed restructuring to a dynamic adaptation to change**, are associated with:

- 1) the management structure and particularly the involvement of stakeholders (labour representatives and suppliers, banks, etc.) and not only the shareholders,
- 2) the local culture that notably determines the quality of information given to labour representatives,
- 3) the coordination of the representatives (unions, works council, European works council), essential for explaining the dynamics of negotiations,
- 4) the options to form regional partnerships, and lastly,
- 5) the existence of engagement of an institutional network.

These variables are represented in the following table showing that they are dependent on rules (instruments for political actors) and determine the resources that can be mobilised by players in the company as well as the region.

This typology can explain the dynamics that must be put into place by the players, not only to build anticipation but also innovation measures.

Analytical Matrix

Context		Processes			Impact	
Economic and financial rationality	Objectives pursued	Operation (form)	Implementation	Effects	Financing	Support
<p>Pressure to be competitive – national-international</p> <p>Market growth – New market, customer demand (imperative)</p> <p>Reaction to an economic shock</p> <p>Technological/innovative evolution</p> <p>Product/processes</p> <p>Change in policy or institutional context</p> <p>Sales policy, competition's policy, industrial policy</p> <p>Compliance with legal obligations</p> <p>Shareholder value</p>	<p>Modify activities Products/services/markets/ Change (refocusing) of industry/network building</p> <p>Search for profitability Acquire value on the stock market</p> <p>Expansion strategy External growth Globalisation</p> <p>Cost reduction and streamlining of activities Centralise markets geographically</p> <p>Search for economies of scale, implementation costs, supply costs</p>	<p>Modification of company organisation Staff reduction, staff increase, closing a unit, transferring a unit, relocating EU/Asia, subcontracting (national/international), opening new units (national, EU, outside EU), outsourcing (national/international)</p> <p>Modification of the company's legal structure Merger Handover Acquisition Concentration Bankruptcy</p> <p>Major modification of the asset structure Change in majority holder: takeover bid/exchange offer Change in effective control</p>	<p>Unilateral information</p> <p>Concentration process Operational/confrontational Regional, national, European partnership Upstream Downstream</p> <p>Negotiation process Procedural Substantive Flexible Regional, national, European partnership</p> <p>Unilateral process</p> <p>Short/mediate or long/proactive implementation</p>	<p>On jobs Staff reduction, staff increase, keeping staff with or without adaptation, terms of employment</p> <p>Rise in insecurities</p> <p>On the region Revitalisation Establishment of networks Job losses Job creation</p> <p>On the company Creation/closing of units Value loss Group configuration</p>	<p>By the company</p> <p>By public policies Sectoral Regional National European</p>	<p>Measures for workers 1. <u>Collective measures</u> reassignment unit/job centre Collective reassignment/redeployment Social plan/ERR method agreement</p> <p>2. <u>Individual measures</u> Retraining (re)qualify/Training internal Reassignment/mobility/early retirement/retirement Voluntary departure Assistance in starting a company External reassignment Employee loan</p> <p>Measures for the company Experts, Assistance in restarting business, Assistance in outsourcing (restarting...), Subcontracting, Restructuring</p> <p>Measures for the region Revitalisation, Creation of specialised institutes (job centre, foundation, [uuzweiligheids] transfer) Creation of networks, Site-revitalisation creation centre</p>

2. Towards a New Dynamic: Anticipation, Innovation, Place for European Policies

The AgirE Project has adopted a “broadened” vision of anticipation and innovation that lies in analysing the existing interactions between players in the company and in the region with relation to public policies and especially European policies.

Case studies show that a real anticipatory policy includes various levels of action, company and region, that for practices to be truly innovative they result from observing the “3M Rule” and lastly, that the different regulatory levels (regional, national, European) must be considered at all stages of the action. Anticipation and innovation analysed in this manner shed light on the role European policies play in these two courses of action.

1.1 Anticipation

Building a real process of anticipation implies that the forecasting data in the European Union can be passed on to the players and that they adapt the data to put instruments and processes in place for driving change.

Anticipating restructurings has become a social necessity for workers as much as for regions so that vital adaptations can be made to global markets, demands for innovation in labour policies and social developments to ensure a balance between the economic needs of companies and regions and social demands.

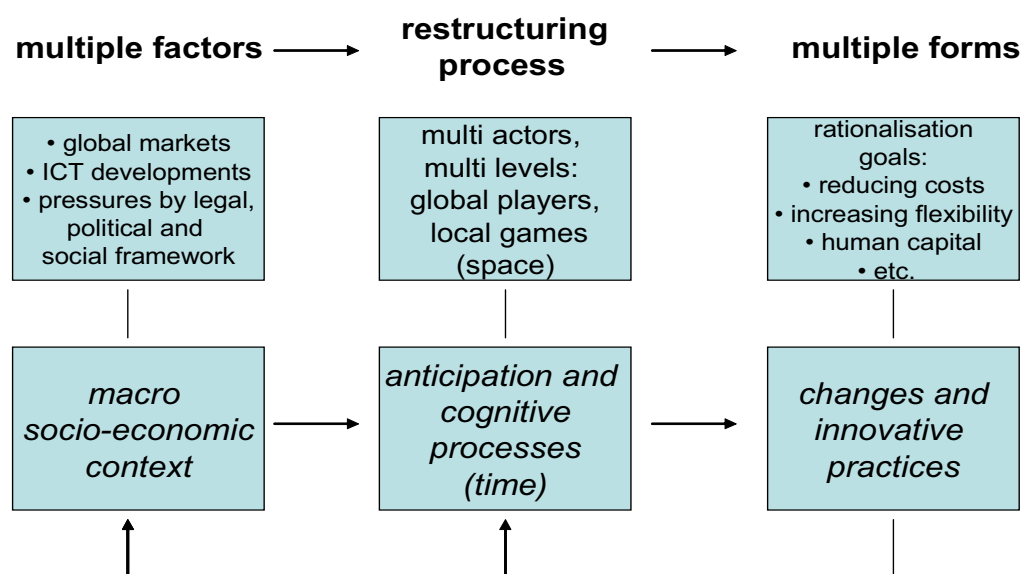
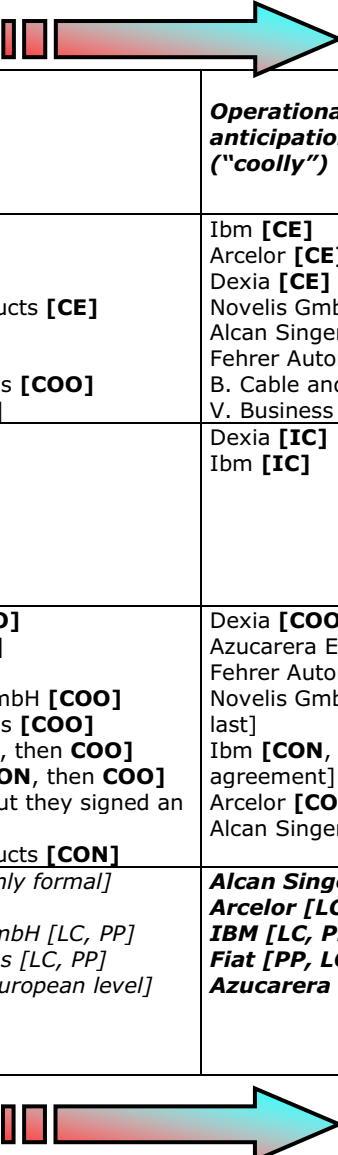


Figure 1. The multi-dimensions of restructuring anticipation

On the operational side, the anticipatory process lies in the need to implement instrumental actions in the face of a crisis and, on the strategic side; it lies in the need to establish cognitive representations that enable players to become involved in adapting to change for the future.

The operational and strategic levels can be differentiated with respect to the variety of ways restructurings are implemented, which range from consultation to negotiation and tripartite regional agreements as well as with respect to choosing to handle it “hotly” (with no planning) or “coolly” (with planning) and allowing for the integration of a anticipatory construct. This has been done in the following table using case studies from the AgirE Project.



	<i>Operational anticipation 1 ("hotly")</i>	<i>Operational anticipation 2 ("coolly")</i>	<i>Strategic anticipation</i>
MANAGEMENT <i>Headquarters/Local management</i> <i>[centralization CE, local autonomy LA, cooperation COO, conflict CON]</i>	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> <i>[information and consultation IC, no social dialogue NSD]</i>	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/works council</i> <i>[conflict CON, cooperation COO]</i>	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> <i>[public policies PP, local consultation LC]</i>	<i>Celestica [LC, only formal]</i> <i>Lejabi [LC, PP]</i> <i>Finger & Pelz GmbH [LC, PP]</i> <i>Ruhr Kristall Glas [LC, PP]</i> <i>Alcatel [PP, at European level]</i>	<i>Alcan Singen [LC]</i> <i>Arcelor [LC]</i> <i>IBM [LC, PP]</i> <i>Fiat [PP, LC]</i> <i>Azucarera Ebro [PP]</i>	<i>Thomson Video Glass [LC]</i> <i>Sabaf [LC]</i> <i>Zwickau [PP, LC]</i> <i>Ugine [PP, LC]</i>

It seems clear that companies prefer to handle restructurings hotly and that negotiated processes of establishing anticipation are more rare and demand the implementation of a multiplayer dialogue, tripartite negotiations and the mobilisation of public policy.

The set of players with an eye to strategically establishing measures and actions that anticipate change assumes that the players in the company and the region come up with a diagnosis and common cognitive representations that make their action possible.

Based on the empirical analysis, it appears that anticipation in the field is a result of five essential elements relating to:

- 1) firstly, the existence of a space for action that provides local players the freedom to act,**
- 2) having a time for action as a pre-condition for relevant information,**
- 3) a recollection in the region and the company that makes integrative action possible,**
- 4) the existence of cognitive representations focused on the need for change,**
- 5) a common diagnosis done early enough to enable the players to make economic and social compromises developed on the basis of this awareness of change. (See: Cognitive Maps¹²).**

2.2 Innovative Practices

The AgirE Project ascertains that innovation is characterised by the handling of change that associates players in the company and the region, makes it possible to articulate the different levels deploying the strategies in the group and accounts for the many dimensions of restructurings in space and time in an effort to not only establish modes of anticipation but also the revitalisation of regions, which acknowledge the “3M Rule” for formulating useful responses for workers, companies and regions.

The assessment of the case studies shows that these three dimensions are not always taken into account due to three series of obstacles, in particular: 1) the remoteness of where decisions are made, 2) the effect of market financiarisation and 3) the honing of competition in the European Union, which intensifies competition between the sites.

The dynamics that enable innovative practices to be established imply that players are mobilised proactively, which assumes, as we have seen, a common cognitive representation of the need to handle change in the company but also in the region. The challenges of internal transformation, especially the demand to adapt professions and skills, cannot be overlooked in the context of competition in general and worldwide. That workers are highly skilled is a testament to both keeping jobs in the European Union¹³ and the vitality of regions¹⁴. These transformations must effectively be planned, which not only assumes consultation but also

¹² Diagram on Cognitive Maps, chapter 3,

¹³ In the economic realm, Lorenzi Fontagné, op. cit., in the legal realm, Bob Hepple, op. cit.

¹⁴ See chapter 1

negotiation and associates players in the company as well as the region. This is how to describe the dynamics that can tangibly be set up to efficiently handle change: it assumes that the players are brought together in space (coordination among sites, in the various countries and Europe-wide) and in time (adapting to change takes a long time).

The case studies show that the negotiating field is expanding in the context of restructurings and new types of agreements are appearing. More generally, when players are mobilised in positive conditions, we are occasionally seeing negotiations that include 3M being used in restructurings, which is being used in the European Union.

In the project cases, the following were analysed as “partial” innovative practices:

- The consultation and negotiation processes of adapting to the agreement, which is supported by setting up career transitions for workers in the long-term through collective bargaining;
- The negotiation processes of anticipating changes backed by public policies;
- The negotiation processes that are based on a tripartite partnership uniting the local authorities of the region,
- And/or that mobilise the institutional network that enables these transitions;
- The negotiation processes that make it possible to restructure economic activities to limit the social consequences of restructuring;
- The negotiation processes that lead to putting in place economic alternatives and practices that value the distribution of innovation and research throughout the region;
- The coordination of players enabling a synergy at the same level as where managerial strategies are put into place, either the national or sectoral level (to prevent splintering), or the European level (to prevent eroding the solidarity between sites).

These practices are supported by some essential instruments: the distribution of information at the transnational level through the European Works Council or other modes of union coordination, in particular through European unions and the potential to establish a union entity between the sites.

In the majority of cases, the players¹⁵ also perceived “innovative practices” as meaning: 1) creating a framework for adapting to ongoing change through negotiation at a different level beyond that of the restructured site, either at the national group level or the group level with a community dimension, 2) building an original negotiating framework (with respect to the national model) that helps limit the social consequences of restructuring, 3) set up instruments that limit the social consequences for workers by preventing site closings¹⁶, sudden redundancies and organising training.

¹⁵ Who confuse it with “good practices”

¹⁶ Unsuccessful, i.e. in the Celestica case where no synergies could be found with the other companies in the global group, no regional dynamic came into play.

Of course, the case studies reflect general trends affecting collective bargaining in the various European countries—decentralisation, the emergence of procedural agreements, development of flexible or overriding agreements, tripartite regional agreements—and the particularity of the country's brand of negotiation and corporate relations.

However, it is worth noting that we are witnessing players coordinating in new ways Europe-wide through the European Works Council, even to the extent of transnational negotiations (international framework agreement, IFA) held between the groups and international federations that illustrate the demand for multilevel negotiating and a consideration for corporate strategies at the global level. The same is true for multiplayer dialogues set up in regions that call for considerable involvement from public figures.

In terms of handling the consequences of restructurings, the case studies show that the vast majority of measures in all the countries combined are still measures that exclude workers from the labour market (50% in our cases, various methods: voluntary departure, redundancies, early retirement, retirement). Nevertheless, there have been measures meant to transition careers, but they are far from being the rule. No follow-up on the fate of workers is organised at the institutional level, which limits any consideration for the interest of “innovative” processes. However, it appears that career transitions for workers were greatly improved by the existence of an institutional network organised in the region for the purpose of linking the needs of companies, worker retraining and the establishment of regional revitalisation initiatives (Ruhr Basin, the Lumezzane district (Italy), the Liege/Arcelor region).

Innovative practices assume that players at the different places of action (company or region) are coordinated by integrating the company as “playing field” and thus what impact its strategies have at the European level. In tangible terms, this coordination of players in space and time is hardly very efficient, despite likely action from the European Works Council, which is facing many obstacles.

The conditions of innovation assume there are common representations on the need for change, the capacity for social dialogue based on issuance of relevant information, including information on all the group's strategies, a dynamic of negotiation, the mobilisation of regional authorities and a “useful” time that is sufficient for establishing a policy on adaptation to change for the long term. These conditions are encouraged by an initiative from third-party mediators and mobilisers and by the existence of incentive policies.

On this point, the European Union has work to do in encouraging a multiplayer/multilevel dialogue (on this subject, see the October 2007 automobile partnership).

2.3 The Role of European Policy

The regulatory and policy context has a direct influence on the choices companies make in the European marketplace. This influence is not unequivocal in that the action of European policies serves to increase the competitiveness of companies, encourage restructurings and establish means of worker protection using a minimum foundation of laws. The impact of policies, legal rules and methods of governance implemented by

the European Union without a doubt contributes to tensions (Hard Law vs. Soft Law) and differing effects (incentivising/remedial effects). Such is the analysis of the primary sources of impact on choices made in Europe on corporate strategies and tensions in the restructuring processes.

In this way, it was made apparent that many levels of cohesiveness must be accommodated to achieve cohesiveness at the European level, including aspects outside (international trade policy) and inside the Union (economic freedom, internal market), horizontal policies (among themselves) and vertical policies (states/players). The following summary table illustrates the need to consider these multidimensional, multilevel and multiplayer aspects at the European level.

Dimensions	Levels	Players
External trade policy	External	Commission + EMS (Council, Committee Art. 133)
Environment	External Kyoto Protocol, United Nations	Commission + Council
	Internal Environmental regulations, Incentives	EMS + Councils + Commission + European Parliament
Internal market <i>Competition</i> Government Assistance Fiscal policy <i>Public Services (companies networks) (*)</i>	Internal	Commission + Councils + European Parliament
Industrial policy	Internal	EMS + Councils + Commission + European Parliament
Research and development ^(*)	<i>Internal</i>	<i>Commission + Councils + European Parliament</i>
Common Agriculture Policy ^(*)	<i>Internal</i>	<i>Commission + Councils + European Parliament</i>
Social policies Inter-trade social dialogue Sectoral social dialogue	Internal	Social Partners + Commission Social Partners + Commission
“Restructuring Directives” Employment OMCs, LLL, social protection		Social Partners + Commission + EMS + European Parliament EMS (Councils, Committees) + Commission + Social Partners and civil society
Corporate social responsibility		Commission + companies

Dimensions	Levels	Players
Financial Instruments Support for regions <i>(FEDER, Cohesion Fund, BEI/FEI)</i> support for individuals <i>(FEOGA ^(*), FSE, FAM)</i>	Internal	EU: Commission, Regions Committee, European Parliament National (allocation) Regional (utilisation)

The systematic analysis of these different policies¹⁷ reveals their impact on restructurings: whether it is the Union's trade policy, environmental policy, regulation of the internal marketplace particularly the competition and fiscal policy, the emergence of industrial policy in the Union, the array of social policies (SEE/directives), financial instruments (FSE/FAM) and the initiative branch represented by the sectoral and inter-trade social dialogue. All these aspects are directly or indirectly associated with corporate restructurings, have an influence on the growing pace of restructurings, even though some of them aim at increasing the means provided to players and instil measures with a view to preserving economic and social cohesiveness.

At the present time, the impacts of these different policies are not visible, not evaluated and are sometimes contradictory because restructurings are above all an effect of economic freedoms in the European marketplace.

A solid conclusion that comes out of the analysis on the interrelations of European policies cross-referenced with restructurings is the need to **establish effective and balanced coordination in European public policy**.

The Restructuring Task Force is currently working on this coordination, but it has neither an institutional foundation nor a cross-industry organisation inside the European Commission. Coordination built by European policies is an essential step in communication and cohesiveness. Its *raison d'être* is derived from a fresh analysis of the principle of economic and social cohesion, but also from the need to redefine the Lisbon Strategy as a real strategy for sustainable development based on the harmonious and complementary integration of economic, social and environmental pillars that **would integrate the issue of restructurings across the board**.

Creating social mainstreaming could be based on the horizontal social clause in the Lisbon Treaty, if it is adopted, because the objective in restructurings is clearly to give rise to a consideration for the multidimensional nature of restructurings with a view to finding resources and instruments for a suitable and intelligently social policy integrated with other European policies. The emphasis put on anticipation and

¹⁷ Which cannot be addressed here, see chapter 5 of the report

change management also indicates that we can no longer settle for double opposition between “favourable” economic policies on the one hand, or for those more aware of the impacts of restructurings for the sake of competitiveness and, on the other hand, “remedial” social policies addressing their negative social consequences.

However, one can assume that creating social mainstreaming, coupled with systematic rules on visibility of foreseeable consequences of consecutive shifts in European decisions, in creating a new procedural and institutional arm, could make it possible for players to mobilise at the right time, especially in the context of sectoral social dialogue (see example of the sugar industry). The link between policy outside the Union and restructurings in the sectors has thus very clearly shown that visibility on changes anticipated after treaties are modified could be the subject of a negotiated transition policy in the context of sectoral social dialogue. From the standpoint of anticipating restructurings, in effect it is the sector that appears to be the most appropriate level for meetings and coordination with a view to maximising the synergies between European policy and companies.

The creation of timely visibility is a basic condition for policy decision-making on limiting the social consequences of change in Europe, but also for helping anticipate them. In this respect, the European Union already has a certain number of tools. By definition, the regulatory course is the most robust and durable, but also the slowest, especially at the community level when it comes to foreseeing changes and reacting to them quickly. The use of community financial support tools (structural funds and FAM) lends to a faster reaction to offset the negative social consequences of restructurings as well as financing for suitable oversight and anticipatory resources in Europe, whether it is at various regional and/or sectoral levels. There would still need to be no contradictions between the ways these funds are used and access to them needs to be simplified, a condition for swift action. There must also be hope for a broader convergence of European Member States in terms of integration when using the funds to address anticipation and change management relating to the issue of restructurings.

Lastly, the fundamental need to put the individual back at the heart of the issue of restructurings must be emphasised, but also at the heart of European policies. The quick review in this chapter shows that European policies on restructurings are essentially focused on the market and competition and secondarily on attenuating the negative social consequences experienced by individuals. Yet, although restructurings can be damaging for the economy and regions, first and foremost they are damaging for the people who endure them; they have mental, physical and social repercussions. Repeated restructurings also generate a mounting feeling of insecurity among European workers, whether it is founded or not. It is necessary to effectively put the citizen at the centre of policies, to evolve towards **a veritable European social citizenship**, which would finally give people the feeling Europe is protecting them and contribute to their well-being, as is specified in the values noted in the European treaty, for that matter. A real approach focused on putting basic social rights at the forefront is needed to regain the undermined trust of the European citizens. Including the Charter of Basic Social Rights in the Lisbon Treaty is a step in this direction, but oversight—even

sanctioning—mechanisms still have to be added to it. The discussions on flexicurity could also be completely in line with this, on the condition that they truly lean towards the issue of security and a collective accountability to security, moving more towards the perception created during the thought process of transitional labour markets, which is currently not the case.

3. Conclusions of the Report

The recommendations made in the report aim at creating anticipatory measures around innovative practices based on the following objectives:

1. Creating anticipatory Measures at the Various Levels of Action Affected by Restructurings

The analysis of the reality of restructurings in Europe is needed for ensuring the predictability of changes that act as a framework for building procedures of change that benefit companies and workers, that enable authorities and players to adapt their policies and actions, before a crisis occurs, every time it can be considered foreseeable at the sector level, particularly in the field of quantitative analysis. In formulating policy directions, it seems essential to keep an eye on the trends.

a) Improving Quantitative Analysis

Taking action on predictability can lead to different actions:

- The first applies to improvement through the statistical resources mentioned in the quantitative analysis of the results provided by the ERM;
- The second aims at improving the ERM's sources by allowing it to receive data from statements of economic redundancies made to national authorities in application of directive 75/77;
- Labour inspectors transmitting statistical data on operations and process methods kept at the national level would considerably increase the reliability of the ERM's sources. Centralising labour inspection data at the ERM could be proposed to the group of labour inspectors set up inside the European Union.
- Lastly, Eurostat could handle the issue of restructurings.

b) Encouraging communication to the players on the foreseeable nature of change

Sectors, the ERM and observatories building predictability is a crucial direction on the condition that the players have a way to appropriate it and it is communicated at the different levels of action.

Studies on European observatories show that the different Member States are looking at a wide variety of structures, with only Spain and Greece having organised their observatories around developing qualifications and skills. However, it appears vital to cross-reference the data on predictability among the sector and the region due to the specialisation of the two and the organisation of networks as a means of coordinating innovation and research at the regional level.

Organising a sector-based and regional watch is correlated with the desire of players to anticipate. Also, it is important to incentivise players to organise this watch, a condition without which creating cognitive maps and joint handling of changes that limit the social cost of restructurings will not be possible. Thus, information on the dynamics of change must be considered a common good that leads to a common diagnosis.

The communication of pertinent information to social and regional players works in this direction, whether the watches are organised at the European level or the sectoral level:

- In terms of Europe, it has been shown that a demand for the coordination of European policies at the institutional level would emerge (see *infra*). This demand for coordination leads to placing an obligation on the Commission to develop and produce papers on the impact of community policies on the dangers of restructurings. This obligation would help improve the transparency of procedures and make the European involvement visible in view of putting a anticipatory policy in place for restructurings.
- Systematic communication to regional/territorial partners as much as labour and management could create a line of communication that is useful and motivating, concerned about respecting the diversity of the players;
- At the company level, communicating pertinent information lies in the obligations instituted by the Directive of 2002 that makes the obligations of information and consultation to labour representatives a general rule in the Union. The multidimensional and multilevel analysis of restructurings clearly shows that the contents of information must be suitable: information is “pertinent” if it conveys the company’s true strategy at the group level, if it targets economic, financial, strategic, organisational and social data at the group level. Some Member States have already adopted a loose interpretation of pertinent information. The definition of restructurings based on the characteristics presented above justifies the legal action taken by labour representatives every time that the information given does not concern the restructured site and excludes information on the employer’s strategy for the European market. Pertinent information on restructuring processes is also just as justified for national decision-making bodies as it is for the European Works Council.

It involves creating conditions that rebalance the resources players have for information and action. To wit:

- Organising training courses for labour representative bodies on the dynamics of anticipation, the bearing common diagnoses have on the handling of restructurings, the modes of coordination between the players and the instruments set up in the European Union would be useful;
- Building partnerships on the dynamics of change could thus be encouraged by a third-party, which guarantees knowledge and independence. Strategic assistance from third-parties could be done throughout the European Union;
- This intervention could be integrated in context of revising directives on the European Works Council and economic redundancies.

2. Making the Region a Place for Innovation

A pertinent region¹⁸ is where both economic transitions (alternatives, innovation and research, networks, revitalisation) and social transitions (retraining workers) take place.

Yet, to date, except in some isolated countries, there are no structures where a region-specific dialogue can be organised. But, the analysis on revitalisation processes or creating economic alternatives assumes that two conditions exist at the same time: the possibility of creating a multiplayer dialogue with all the stakeholders and representing the different levels and the instalment of an institutional network organised to enable the region to be revitalised.

A multiplayer dialogue serves to both identify the different dimensions of a restructuring (particularly connections to European structural funds, dynamic of innovation and research) and build vital transitions for workers in the long term (education, training, not only retraining).

It assumes that an ad hoc link can exist between the existing social dialogue in the company and/or the sector, on the one hand, and the multi-party dialogue created in the region in institutional networks, on the other hand—crucial links adjusted to the multidimensional nature of restructurings. The European Union's mission could be to set up mechanisms that **incite this dialogue to be held and for the purpose of tripartite negotiations**. First and foremost, the proposal is that a programme analysing the existing regional pacts be set up, based on their comparability in an effort to develop a methodological / contractual / technological framework to create company-region relationships. The social partners (labour and management) in the sectors most affected by innovation and research could then be brought to propose dynamic initiatives in their sector that contractualise the company-region bonds together with basic social rules, to prevent negative competition between sites on social matters.

A further proposal is to envision setting up a new partnership by sector between the European decision-making bodies, the social partners and the local authorities to implement this action framework so that a link is created between the incentive and community support framework, the observance of social standards and the implementation of these actions.

3. Encouraging Innovation and Promoting Anticipation at the European Level

These objectives will be encouraged by the construction of a procedural framework for change adapted to the characteristics of restructurings:

- Either by inciting existing instruments to improve (collective agreements, procedures in national legislation/codes of conduct)—which are, however, often limited to national issues—and by proposing a “standard” content that accounts for the multidimensional, multilevel, multiplayer nature of

¹⁸ The Member States define it differently in the field of policy and administration, according to an approach associated with subsidiarity.

restructurings (especially for CSR instruments): procedural guarantees, pertinent information, sufficient time for consultation/negotiation, mobilisation of funding, multiplayer coordination;

- Or by enabling the development of procedures built at the European / transnational level, such as European sectoral partnerships, created under community oversight, subject to measures that support their effectiveness and organisation under transnational control;
- Or by ensuring that group collective agreements are encouraged, by relying on an optional European legal framework.

It should be emphasised that there is a particular challenge in having transnational control of procedures created by the players (CSR, ICA, European agreements) and in reinforcing the resources given to the players at the transnational level, especially in terms of increasing the coordinating capacity of the European Works Council and its instruments for action.

The final report and the papers presented in the six conferences in 2007 will be published in both French and English on the project's website www.fse-agire.com.

The research conducted during the project will be published throughout 2008 in two collective works published by Editions Peter Lang: one dedicated to restructurings in the new Member States and the other to the dynamics of anticipation at the hands of restructurings in Europe. Contributions from Italy and Italian cases will be published by Il Mulino, Bologna. A special edition of Revue Internationale de Droit Economique (International Review of Economic Law) (No. 2-2008) will be dedicated to restructurings and European policies. A special edition of Semaine sociale Lamy (2008) will be about the social dimension of anticipation in restructurings in Europe.

Presentation of the project, methodology

Presentation Chapter

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1. Presentation of the project

The AgirE project benefited from financial support from the European Social Fund (article 6). The project ran between 15th November 2005 until 15th February 2008.

The project was steered by Alpha Conseil. Mireille Battut, director of the international development of the Alpha group was in charge of the project. The scientific coordination of the project was provided by Marie-Ange Moreau, Professor at the European University Institute (Florence).

The partners, the list of whom follows, are either experts and consultants specialising in restructuring, or university researchers or combine the job of consultant with that of researcher.

This partnership enabled a pluridisciplinary approach to be taken – an approach which is statistical, sociological, political, administrative legal, - and European – Germany, Great Britain, Sweden, the Netherlands, - bringing together academic aspects and corporate social practices.

PARTNER	FIRST NAME	LAST NAME	FUNCTION
ALPHA CONSEIL	Mireille	BATTUT	Project leader
IUE	Marie-Ange	MOREAU	Team member and scientific coordination
(NIWL)*	Henrik	BACKSTROM	Team member and researcher
OSE	Philippe	POCHET	Team member
LABOUR ASOCIADOS	Ricardo	RODRIGUEZ	Team member
SEVESO	Serafino	NEGRELLI	Team member and expert consultant
PCG	Wolfgang	KÖBERNIK	Team member
SODIE	Maud	STEPHAN	Team member
GITP	Willem	ALLERTZ	Team member and Senior consultant
ALPHAMETRICS	Terry	WARD	Team member and research director

* until the end of January 2007: Our partner, NIWL having been dissolved by the Swedish government

The programme described in article 6 did not allow, for financial and institutional reasons, the integration of partners located in the new member States. The selection of the reference countries took into account the impact of restructuring in these countries and was not able to be wider because of financing and the length of the contract as well as the feasibility of the case studies.

A specific seminar was organised around the question of restructuring in the new member States and partners were invited to our conferences to try to fill the gaps created by this situation.

Our programme of work was completed in two stages

The first, from December 2005 to September 2006, was devoted to carrying out case studies using a common questionnaire drawn up for the project using a common methodology, and targeted research – called "theoretical studies".

The second stage, from the end of June 2006 to June 2007, was devoted to holding six thematic seminars using the contributions and results of the first phase.

A web site was created from the first year

The web site, www.fse-agire.com has as its main purpose the gathering of all of the documentation produced within the framework of the AgirE project on the study of the phenomena and processes of restructuring in Europe (prediction and management, innovative practices).

2. Methodology

The project's methodological approach was constructed by the partners based on several objectives:

1. The first was to favour the **pluridisciplinary** aspect of the research by trying to include at the same time the sociological, legal and political aspects of restructuring, without supplanting the choices made by business management or the importance of statistics.
2. The second was to concentrate the aim of the research, not on how restructuring is dealt with but on the issue of planning for this, from a local level right up to a **European** level.

Particular attention was paid, not only to the role of the players during restructuring operations, but equally on the impact of regulations and policies on the choice of businesses during restructuring processes.

Our research, right from the start, was aimed at analysing the challenges existing at a European level to give an impetus to a policy for anticipation of restructuring which demanded going beyond local and national specificities while at the same time taking into account the realities on the ground. This choice presented its own difficulties:

- on a theoretical basis, as restructuring is dealt with at a European level as the effects of economic liberties and not as separate economic and social challenges;
 - on a practical basis, because of the very local analysis of the restructured sites.
3. The third objective was to use the originality of the partnership to benefit from an expertise of the cases allowing in real time the data about the progress of the restructuring to be known, at the same time interweaving these analyses with the important research undertaken on this subject, in particular by the Dublin Foundation¹⁹ or within the framework of the ESF through the MIRE project²⁰.

¹⁹ Broughton, A. (2005) "Informal social affairs Council discusses restructuring", EIRO; Broughton, A. (2005) "Restructuring Forum holds first meeting", EIRO; Grünell, M. (2004) "KPN announces further redundancies", EIRO ; Hall, M. & Marginson, P. (2005) "Evolutions relatives aux comités d'entreprises européens", EIRO online.

²⁰ <http://www.mire-restructuration.eu>

Restructuring is connected with an extraordinary high number of general subjects²¹, in particular within the area of public policy and the impact of policies and legal regulations, what requires work of survey and synthesis targeted on the specificities of the restructuring. These difficulties justified the work implemented during the first year, allowing the carrying out of case studies and general research, in such a way as to bring these analyses together during the general conferences in 2007.

A **documentary base** was set up from an analysis of key words used for a pluridisciplinary and European analysis of restructuring, put together solely from research published from 1966 to 2007, in English and French. It covers 470 studies, catalogued by key words²².

These methodological aims required the putting together of a specific questionnaire, given to those in charge of the case studies. It reflects the research objectives identified in February 2006²³ and results from an *ad hoc* compromise²⁴.

The **questionnaire** was used as a basis for work for carrying out semi directive interviews and for drawing up the reports of these. It was worked out, like any documentary base using the enclosed table.

This reference table was drawn up to structure the carrying out of the case studies and the theoretical contributions. This reference table has two dimensions:

- in the **vertical dimension**, the various phases/stages of restructuring are detailed through the elements which are decisive in explaining how the restructuring was carried out. The general environment allows the economic, institutional and regulatory data to be identified. The structure of the capital was also selected as a significant element in restructuring processes²⁵. Then there are the elements which concern the period before the crisis (anticipation), the operation itself and its consequences with a special mention of its long term effects.
- in the horizontal dimension, questions, which allow the following issues, are included: data relating to changes in the market and the strategies of the business ; the role of players both within the business and at a territorial level ; the public policies having a role or an impact on the restructuring. These three categories give very meaningful results where they meet the components of the vertical dimension.

This table allows the various studies to be localised within the transversal dimension. It leads to an analysis of the social dimension of the restructuring which is closely connected to other key questions regarding restructuring which have a determining role.

²¹ Just to quote some sources: *flexicurity*, WTO, social directives, European social dialogue / globalisation, enlargement of the EU, liberalization of trade / new working methods, management through projects / economic redundancy, company transfer, worker representation, worker participation, etc. See in appendix list of key words.

²² Result of the project on the basis of the *End Note* software program, supplied to the European Commission. The final report shows few bibliographic references to lighten reading.

²³ See the document supplied for the methodological seminar, appended to the intermediate report handed over to the European Commission in May 2006.

²⁴ Not satisfying therefore any of the disciplines represented. The cases were the most often supplied with meaningful documents such as signed collective agreements or redundancy plans worked out during restructuring. The results however vary widely as the experts carrying out the case studies collected the information judged useful by the players, with the European aspect often being left to one side. The questionnaire is consultable on the project site.

²⁵ We will refer especially to the "Report on industrial relations in Europe –2004", published by the European Commission, see the AgirE study by G.Rienk, quoted below.

Overall structure of the key words matrix (see appendix)

	Changes in the market and companies' economic strategies	Actors strategies	Public policies
Environment			
Structure of the capital			
Anticipation			
Operation	1	2 — 3	4 — 5
Consequences			
Long term effects			

Maria Esther Blas López

Documentary base

The documentary base is a pluridisciplinary and methodological research tool. In its current state, the documentary base has over 470 references. It was supplemented and updated throughout the project²⁶. The base can be consulted using the software program END NOTE. This program works like a search engine which, depending on the descriptors (key words) that are entered, identifies the most relevant resources.

It will be handed over to the European Commission and the European Social Fund with the report as a working and research tool²⁷.

The questionnaire and the interviews

The questionnaire was put together from the same work base which enabled us to identify some key subjects for making an analysis for anticipation and innovation. It was strongly influenced by the sociological approach (*Why, What, How?*) and focuses on the identification of the roles of the players and how this transposes at a legal level. Sometimes it was simplified to allow an assessment of the results on a quantitative level. This ad hoc questionnaire was put together during a seminar devoted exclusively to methodology and constructed by partners coming from different disciplines²⁸. It enabled semi directive interviews to be carried out by consultants: for France (Alpha Conseil and Sodie), for Germany (PCG Project Consult), the Netherlands (GITP-OR), Spain (Labour Asociados), by sociologists in Italy (Fondazione Seveso) and in Belgium (Observatoire Social Européen).

Their feedback reports turned out to be very diverse as some questions were not taken into account by the practitioners; others did not allow answers to be obtained due to a lack of available information from the

²⁶ The research and the characterisation of the bibliographical resources used a series of key words covering all the aspects of restructuring, both in their vertical dimension (stages over time) as in their horizontal dimension (transversal themes). This methodology was very useful at the start of the creation of the data base, but also throughout the project as key words inspired by the various aspects dealt with in chapter 2 below were added.

²⁷ See appendix "Methodologies and functioning of the documentary base"

²⁸ The questionnaire is enclosed in the appendix.

players²⁹. The information on the structure of the capital, the structure of the group, the European dimension, European aid, the concrete breadth of measures of assistance and their effectiveness are often absent or insufficient.

3. Case studies

The work of coordinating the case studies in the various countries was carried out under the leadership of the Alpha Group. The cases were selected using two criteria:

- 1) the first relies on the existence of a restructuring **operation having a link with the European and /or international market**, either because of the size of the Europe-wide or global dimension of the company, or because of the business sector subject to international competition;
- 2) the second relies on the possibility of carrying out interviews about the processes of restructuring with **key players in the company**³⁰:

²⁹See section 6 of chapter 2 see below

³⁰ Heads of workers' representative bodies (according to the type of representation in the various countries studied and the particular set up of the company), senior management, including the most often the Director of Human Resources and the heads of operations.

The table below gives the list of the **26 case studies carried out (the feedback reports and a summary sheet of each of them are enclosed in the appendices).**

Company, group name	Country (region) where the restructuring operation is studied	Business sector
ABN AMRO	France	Bank
ALCAN	Germany	Aluminium
ALCATEL	France	Telecommunications (NTIC)
ARCELOR	Belgium (Walloon Region)	Metallurgy / Steel making
AZUCARERA	Spain	Agri-food / sugar
B*	Netherlands	Cables (NTIC)
CELESTICA	France	Electronics
DEXIA	Belgium	Bank
DINOSOL	Spain	Distribution group
EA*	France, Italy, Spain , Portugal	Car parts
FERHER	Germany	Car parts
FIAT	Italy (Piemont, Turin)	Cars
FINGER & PELZ	Germany	Electro-technical
F*	Netherlands	NTIC
GE	Germany	Energy equipment
GISI	France	Press media
IBM	France	NTIC
LEJABY	France	Clothing manufacturer
NOVELIS	Germany	Aluminium
RKL	Germany	Glass
SABAF	Italy (district of Lumezzane)	Household appliance components
ST Microelectronics	Italy	NTIC
THOMSON VG	France	Glass
UGINE	France (Gard rhodanien)	Metallurgy / Steel making
V*	Netherlands	NTIC (telecommunications operator)
ZWICKAU	Germany (Saxony, auto cluster)	Cars

* "Anonymised" cases.

In most cases, the interviews were carried out under satisfactory conditions. However, carrying out these case studies met with several difficulties:

- in particular, the management of some companies which had to undergo a new restructuring phase during 2006 refused to answer the questionnaire (despite their agreement given in 2005).

- this refusal led to a change in the sectors studied which explains why there is an absence of cases for the air transport or electricity sectors and only a few cases in distribution.

The selection of **26 case studies** resulted from the combination of several criteria:

- the feasibility of the study taking into account the possibilities of access to the direct players and other parties concerned by the restructuring: company managements, staff representatives, trade-unions, but also representatives of local authorities and other *stakeholders*.
- the possibility of having a diversified panel of restructuring cases in terms of coverage by sector, size and company profile, economic activity in the local area etc.

From this selection, several features stand out that need to be taken into account for the analysis of the results:

- our choice of a direct way in through restructuring operations over a recent period (2003-2005) allows a good description of these operations and how they were carried through from the decision to the restructuring. On the other hand, this approach is a source of insufficient information over what led to the decision being made (what factors led to the decision to restructure and its announcement?) and also following the operation itself, in particular, the issue of the future for the staff, both for those who no longer work for the company and those who remain. Our choice to study recent restructuring operations, and for some of them, ones that are not yet finished also explains in part this limitation;
- 17 of the 26 cases studied concern companies or organisations belonging to very large multinational groups. 4 correspond to restructuring of the whole of large businesses and 5 to SMEs;
- the profile by **sector** is the following: 2 banks, 1 textile company, 1 agri-food company, 1 newspaper company, 2 glass-making companies, 4 car industry companies, 4 metallurgical companies (steel and non ferrous metals), 4 mechanical and electro-mechanical industries and finally 6 NTIC (New Technologies of Information and Communication) companies. Quite a strong domination by companies of "traditional" business sectors can be observed and in particular, companies connected with metallurgy in its broad meaning with 12 cases. This over-representation of traditional industry is not surprising from the point of view of the practitioners and/or observers of restructuring in Europe as it corresponds to the sectors which are the most affected as shown by the quantitative analysis. This is also connected to the management of restructuring through a crisis or a series of successive crises – which especially concern, in recent times, traditional industrial activities. It however shows up changes in the profile of restructuring which are not only linked to the process of deindustrialisation in Europe³¹, but also to strategic choices of companies dictated at the same time by financial and stock-market factors, the conquering of new markets and a minimising of costs³².

³¹ Especially, Fontagné E. L., Lorenzi J.-H., « Désindustrialisation, délocalisations », France, Conseil d'analyse économique, Paris ; *La Documentation française* ; 2005; (Les Rapports du Conseil d'analyse économique, n° 55). See below, chapter II and III.

³² See below after chapter II

The limitations of the panel come from the number of cases (26), of their distribution by country and by the under-representation of SMEs, but they present an intrinsic complementarity. The case studies show that with few exceptions, it is possible to identify and characterise the **strategic project of the company** for which we have studied one or more restructuring operations and to become aware of the macro and micro economic context in which this has taken place.

Various **territorial profiles** are also present:

- dynamic territories like Piedmont in Italy or the South-West of Saxony for Zwickau in Germany;
- local labour markets in crisis for ARCELOR Liège, LEJABY in Rhône-Alpes;
- companies keeping a very loose link with the territories, like IBM or V. are also represented in the cases dealt with,

Various levels of qualification of the labour force are also represented.

4. Theoretical research undertaken in 2006

These studies have been used as a base for the summarising work from the previously mentioned cases. The authors have presented summaries, after having put their analyses of the aforementioned cases before the conferences in the second year (see following list), with the exception of the following articles which were produced in the first year as the only theoretical support³³:

- BÄCKSTRÖM H. – NIWL, Four Labour Market Regimes.
- BÄCKSTRÖM H. – NIWL, Collective Job Transition Agreements on the Swedish Labour Market.
- EKSTEDT E. – NIWL, New Division of Labour and Contracts of Work. .
- GUÉRARD S.- IUE, Policy of deregulating activities relating to services of general economic interest (SIEG), Overview of restructuring in the civil aviation sector.
- MOREAU M. A. - IUE, European solidarity and labour law. A discussion from the issue of restructuring in Europe.
- POCHET Ph. - OSE, Restructuring: what public monitoring policies: constructing adaptability mechanisms in the European Union.
- ROULEAU L. – CRIMT/IUE, Some reference points on organisational restructuring using a Canadian study.

³³ These articles are on the project's web site and are published in specialised works or reviews or are being published.

5. Analysis of seminars from end of 2006 to June 2007 and contributions

The themes of the seminars were drawn from questions which seemed to be the most relevant in the comparative analysis of the 26 studies. We also organised a seminar focusing on the New Member States (knowing that the financing of partners in the New Member States is impossible through article 6 of the ESF).

Analysis seminars carried out within the framework of the AGIRE project		
PLACE	DATES	TITLE
Florence (Italy)	1 st -2 nd December 2006	Restructuring in the New member States
Brussels (Belgium)	15 th -16 th January 2007	
Amsterdam (Netherlands)	8 th -9 th March 2007	Corporate governance, industrial relations and restructuring
Madrid (Spain)	19 th -20 th April 2007	
Florence (Italy)	4 th -5 th June 2007	European policies and restructuring
Essen (Germany)	28 th -29 th June 2007	Social consequences of restructuring

The presentations which were made during the six analysis seminars had as their aim to interpret the results identified from case studies and to present the research carried out on the key themes selected from the beginning of the project. It appeared that, to be able to present a typology of the restructuring processes, we had to have an analysis which was the most open as was possible: this typology could not only be made up from the 26 cases carried out in only 6 countries of the Union. We therefore tried to apply these results to the context of research carried out over the past ten years on restructuring or connected with restructuring³⁴.

This analysis work was connected with the construction of a documentary base around the interaction which exists between restructuring, the role of the players and public policies.

List of the contributions

The presentations and contributions were published on the AgirE project web site (internal access, special access for the Commission). They will be gradually published on the site with general access and will be the subject of various publications:

- a collected work on restructuring and the New Member States, is being published (French, English), Peter Lang publishers, under the direction of M.-A. Moreau et M. E. Blas López.
- a collected work on the major contributions of the project published in English, being prepared and which should be published by Peter Lang publishers.

³⁴The work on the documentary base was indispensable in this regard.

- a work will be published with the Italian contributions and cases in Italian by Il Mulino publishers, Bologna.
- a special edition of the *Revue Internationale de Droit Economique* (International Review of Economic Law) devoted to restructuring and European policies is being published in French under the responsibility of M.-A. Moreau (RIDE n°2-2008).
- a special edition of the *Semaine Sociale Lamy*, the social dimension of anticipating restructuring in Europe in 2008 (in French).

Réf.	Titre / Title	Auteur	Date	Lieu
NMS_01	<i>Restructuring in the Enlarged EU : What Effects on the Evolving World of Work ?</i>	D. Vaughan-Whitehead (ILO) M. E. Blas-Lopez (IUE-EUI)	12/ 2006	Florence
NMS_02	<i>The Dilemma of Labour-Relations Liberalisation in East-Central Europe before and after EU Enlargement</i>	K. Bluhm (Institut für Soziologie Friedrich Schiller Universität)	12/ 2006	Florence
NMS_03	<i>Restructuring in the New Member States – Insights from the European Foundation Monitor</i>	T. Ward (Alphametrics)	12/2006	Florence
NMS_04	<i>EEC Welfare States in a Comparative Perspective</i>	M. Keune (ETUI-REHS)	12/2006	Florence
NMS_05	<i>EU Enlargement Policy and the “Voice” Function in Developing CEE</i>	G. Gradev (ETUI-REHS)	12/2006	Florence
NMS_06	<i>Difficulties in Transposing Social Directives on Restructurings and Impediments on the Road to Social Dialogue in the New Member States</i>	N. Hös (IUE-EUI)	12/2006	Florence
NMS_07	<i>Relocation of Firms in the New Member States : the Role of EWC facing Restructuring</i>	G. Meardi (Warwick Business School)	12/2006	Florence
NMS_08	<i>Strategies of MNCs in Hungary</i>	Y. Chobanova (IUE-EUI)	12/2006	Florence
NMS_09	<i>Unravelling Regulation. How Production Relocation to the East Impacts the German Model of Labour Relations at the Workplace ?</i>	M. Fichter (Freie Universität Berlin)	12/2006	Florence
NMS_10	<i>Managing Mass Lay-offs and High Unemployment. Employment Policies and Unemployment Compensation in Poland</i>	C. Spieser (IUE)	12/2006	Florence
ECO_01	<i>Restructuring Trends in Europe – Evidence from the ERM</i>	T. Ward (Alphametrics)	01/ 2007	Bruxelles
ECO_02	<i>Transformation of the Global Economy and Forms of Organisation</i>	E. Ekstedt (NIWL)	01/ 2007	Bruxelles
ECO_03	<i>The ERM – Presentation of the 2006 Report</i>	D. Storrie (EMCC)	01/ 2007	Bruxelles
ECO_04	<i>Strategies of Multinational Enterprises</i>	N. Arvidsson (NIWL)	01/ 2007	Bruxelles
ECO_05	Outil générique pour diagnostiquer les formes de restructurations organisationnelles	L. Rouleau (CRIMT Montréal)	01/ 2007	Bruxelles
GOV_01	<i>Corporate Governance, Labour Management and Industrial Relations</i>	Prof R. Goodijk (GITP)	03/ 2007	Amsterdam
GOV_02	<i>Cross-border Organisation Development and its Consequences for Industrial Relations</i>	Dr. Willem Allertz (GITP)	03/ 2007	Amsterdam
GOV_03	Culture et gouvernance d’entreprise : influences et interdépendances	J. J. Paris (ALPHA) P. Michaud (SODIE)	03/ 2007	Amsterdam
GOV_04	Le rôle de l’obligation d’information dans les processus de restructuration	Frank Lecomte (IUE)	03/ 2007	Amsterdam
ACT_01	Conditions pour l’anticipation des changements du point de vue des représentants des travailleurs	M. Battut (ALPHA) Ph Duchamp (PCG)	04/ 2007	Madrid
ACT_02	<i>The Evolution of the National Industrial Relations Models and the Innovative Features of Collective</i>	Bruno Mestre (IUE)	04/ 2007	Madrid

Réf.	Titre / Title	Auteur	Date	Lieu
	<i>Agreements</i>			
ACT_03	<i>Anticipation and Governance of Restructuring on the Territory</i>	S. Negrelli (F. Seveso) A. Pichierri (F. Seveso)	04/ 2007	Madrid
ACT_04	<i>Conditions for Revitalising a Territory</i>	J Weingarten (PCG) M. Stephan (SODIE)	04/ 2007	Madrid
ACT_05	<i>The territorial dynamics of business restructuring: Labour law approach starting from Italian case studies</i>	G. Boni (IUE)	04/ 2007	Madrid
POL_01	Les restructurations d'entreprise et les politiques européennes. La politique commerciale extérieure de l'Union européenne : cohérence et intérêts des entreprises	H. Taoufiqi (IUE)	06/ 2007	Florence
POL_02	<i>The impact of Fiscal Policies in the Process of Restructuring</i>	B. Gabor (IUE)	06/ 2007	Florence
POL_03	<i>The role of information & communication technologies in the strategies of networks of firms</i>	F. Cadarossa (IUE)	06/ 2007	Florence
POL_04	<i>How research & development cooperation is dealt with under EC competition law and its implications on the restructuring of firms</i>	B. Lundqvist (IUE)	06/ 2007	Florence
POL_05	L'émergence de la politique industrielle et son impact sur les politiques relatives aux restructurations	E. Blas-Lopez (IUE)	06/ 2007	Florence
POL_06	Restructurations et contrôle des aides d'Etat	J. De Beys (IUE)	06/ 2007	Florence
POL_07	<i>EU Regional Policy and Processes of Large Scale Restructurings : Impact of Structural Funds and Obstacles to their Mobilisation</i>	C. Spieser (IUE)	06/ 2007	Florence
POL_08	Les nouvelles orientations du Fond Social Européen : quel impact sur les restructurations ?	K Caunes (IUE)	06/ 2007	Florence
ACT_06	Le rôle du Comité d'Entreprise Européen au cours des restructurations : les leçons du projet AgirE	M. A. Moreau (IUE) – J. J. Paris (ALPHA)	06/ 2007	Florence
POL_09	L'utilité d'une autre approche de la cohésion sociale pour répondre aux défis transnationaux des restructurations	E Alès (Université de Cassino)	06/ 2007	Florence
POL_10	Une restructuration sous pression des règles internationales : le rôle du dialogue social européen	Ph. Pochet (OSE)	06/ 2007	Florence
SOC_01	Restructurations et citoyenneté sociale européenne	C. Marzo (IUE)	06/ 2007	Essen
SOC_02	Stratégies européennes pour l'emploi et restructurations : l'adaptabilité par l'employabilité et la flexicurité	R. Pena Casas (OSE)	06/ 2007	Essen
SOC_03	Les conditions permettant une limitation des conséquences sociales des restructurations	P. Michaud (SODIE) (avec ALPHA et PCG)	06/ 2007	Essen
SOC_04	<i>Restructuring Organisations While Striving for Flexicurity : A European Perspective</i>	S. Bekker (OSE) H. Chung (Tilburg University)	06/ 2007	Essen

Réf.	Titre / Title	Auteur	Date	Lieu
SOC_05	<i>Data on the support given to workers made redundant as a result of restructuring in EU 15 countries</i>	T. Ward (Alphametrics)	06/ 2007	Essen
ACT_07	Le rôle de l'expertise dans la transformation de la demande et du jeu des acteurs : du diagnostic à l'anticipation	Mireille Battut (ALPHA) Pascal Nonat (ALPHA) Philippe Duchamp (PCG)	06/ 2007	Essen

6. Final report

The final report is based on these contributions and on the case studies. It answers the directions that were chosen during the invitation to tender³⁵. It is assisted by analysis instruments for the quantitative analysis and research instruments (documentary base sent to the Commission without the final report).

The report was put together through work in collaboration and partnership; each chapter being however designed as an analysis which could stand by itself under the responsibility of its author. It is however the result of collective discussion and research.

³⁵ Chosen directions:

- Present a typology of restructuring using the reality of the restructuring revealed by a quantitative analysis and the analyses of the case studies.
- Identify the key data for anticipating restructuring in relation to the existing synergies between the players.
- Reveal innovative practices regarding restructuring.
- Analyse the place and role of public policies having an impact on restructuring.

Introduction

The AgirE project was carried out thanks to the European Social Fund which desired to draw up new analytical directions for the European actors and for European decision-making bodies within the framework of a programme focusing on economic changes in Europe.

The project's focus was, since its inception, concentrated on an analysis of restructuring on a European scale which brings about various consequences.

The first was to situate the restructurings' analysis in a macro-economic perspective for identifying the most important factors leading to transformations in the European Union economy and their implication on companies' strategies in developing their markets and activities within the Union.

It was therefore necessary to understand the AgirE case studies within the internationalisation of companies' context and markets, by including their possible choice to develop their activities within the European Union and outside the European Union.

The analysis of restructurings in Europe at the end of 2007 supposes a systematic integration into the analysis of the new competitive elements developed at an extraordinary speed in China and India, meaning that restructurings in the Union must be considered in its dual dimension both inside and outside of the European Union.

The second consequence was not to focus the analysis just on national differences, even if they are essential³⁶, because of the role of each national industrial model, each national legal framework in which the restructuring is implemented on a given unit,. They also condition the actors' role – management and labour, institutional or territorial player. The national models permeate all the case analyses and it was thus difficult to identify the areas of analysis in common at a European level. This effort even appeared sometimes artificial because of the principle of subsidiarity which leads to national competencies, the territorial dimension of our case studies³⁷ the local impact in a sociological and institutional perspective.

However, it appeared obvious that the added value of this project could be to present a European theoretical framework which – by including this national diversity as a basic fact – will propose a comprehensive understanding of the restructuring processes at the European level, beyond the divergences of interest of the member States.

It is clear that the Union has a strong responsibility in the process, control and acceleration of restructurings, which should not be limited to offering the member States some optional measures or “best practices” for companies, supposing that will reduce the restructurings' economic and social consequences The Union plays an active role, often paradoxical, which is shown principally through policies based on the "Lisbon Strategy" and the improvement in the competitiveness in the European Union. Dealing with the social implications – in particular how the labour is dealt with in restructuring – has largely been left to member States, while at the same time being the subject of guidelines within the framework of the EES³⁸.

Since 2005, the European Union has, however, set up a policy of coordination and adjustment based on several main measures such as the creation of a specialised unit within the Commission, the organisation of

³⁶ See the compared analyses made in the MIRE project (a project financed by the ESF in the previous phase – December 2004 to February 2007)

³⁷Partnership made up of consultant practitioners, see above, presentation of the project

³⁸ And of a framework by the social directives, see chapter 5

forums open to management and labour organisations, institutional and territorial actors and above all the setting up of the GAF, the Globalisation Adjustment Fund which aims at directly financing the transitional periods for workers affected by redundancy subsequent to restructuring caused by international competition³⁹.

The AgirE project was built on a conviction that the member States had a lot of possibilities for organising curative policies for workers. Even if this curative dimension is bad, even if it remains much debate over how to adapt and transform the legal and institutional frameworks, even if a large diversity – here once again – between the member States can be observed, the main lack of analysis remains about the ability of the Union to anticipate restructuring process.

Building anticipation is justified as much for economic as social reasons: for companies, anticipation enables time to be gained by the economic players on a market, enables their transformation according to the market, avoids crises and their traumatic consequences to the benefit of a gradual and continuous adaptation to change. For the workers, anticipation means retraining to be organised over a long period, adaptability to be gained and exclusion to be avoided. It can be a way of building professional transition. As far as the territories are concerned, they can transform a risk of decline into a territorial competitive advantage and set up institutional and technological networks for making qualified workers available, innovation platforms and research centres, reducing the economic dependency of sub-contractors⁴⁰. Added to this, the measures taken to anticipate the future can be especially useful for the company's image⁴¹ and territory's one, especially if it specialises in new technologies or cutting-edge technologies. Finally, anticipation measures can help fill the projected demographic shortfalls and ward off the subsequent tensions on the workforce.

Anticipating restructuring was therefore the aim of this research.

Anticipation was first analysed in a wide perspective: the AgirE project, in order to remain faithful to its European dimension, chose to include the role of the Union in the analysis of anticipation and therefore not to limit itself to a strategic and operational analysis for anticipation, concentrating solely on anticipating restructuring in the company. Anticipation was built around the ability of all the actors to use the objective of anticipating and was linked to the ability of these actors to innovate in this direction. A definition of what innovation might be in the actors' practices was therefore necessary.

Anticipation and Innovation were therefore the two key words of the research.

These two concepts had to be defined, and this effort has required an analysis framework, based on the intrinsic present transformations of restructurings.

Restructuring has not only taken on new forms and processes over the last ten years, but is also caused by a wide variety of rationale and economic justifications⁴². It is not only a concrete manifestation of the processes of deindustrialisation in Europe but also an expression of the economic globalisation and financierisation.

³⁹ See the details in chapter V (social policies)

⁴⁰ See the minutes of the forums organised by the European Commission on the site europa.com/affaires_sociales/restructurations.

⁴¹ Especially when it is developing in a CSR framework – (Corporate Social Responsibility).

⁴² In the employer's arguments and their reporting by the media (see EMCC below, chapter 1) and legal (arguments given during procedures).

It is linked to the transformation of the production and services processes within the European Union. It is an answer, on the scale of the company, to choices made by the firm to withstand international competition and pressure.

It thus appeared that the first stage of the analysis should be the framework in which recent restructuring has gone ahead, in order to include the latest developments in the processes which are changing its nature.

The first part of the report is thus devoted to an analysis of the instruments which have been set up to try to work out as closely as possible the trends existing within the Union and to learn from these. This analysis clearly shows, at the same time, the need for a **detailed** understanding of restructuring by sector and by region and the requirement for a quantitative analysis of the measures taken by companies for workers and changes to workers' jobs, to assess the existing gap between the political debate and concrete realities.

This leads to an attempt to work out a definition for the various kinds of restructuring and a typology, with the aim of producing a suitable analytical framework for decision-makers according to the present characteristics of the restructuring processes. Their complexity, revealed by the case studies and the most recent research, imposes to systematise the relevant factors causing this complexity in order to avoid, especially, simplistic or incomplete views on how restructuring is carried out (as we have been able to see in the media especially, regarding delocalisation or outsourcing).

The second part of the report explores the implications of this analysis framework in the field of anticipation and innovation for the actors practices in the company and in the territory and to evaluate the consequences of this wide approach of anticipation for European policies.

The AgirE project therefore had both to confront this complexity through the restructuring definition and its processes.

Constructing a response from research over a short period⁴³ with a pluridisciplinary team, including actors practices as closely as possible, was an extraordinarily difficult challenge. There are weaknesses that result essentially from the cases' selection which does not cover all the sectors and the 27 European countries⁴⁴.

A number of very important aspects highlighted in the case studies developed in the 2007 concluding seminars of the project⁴⁵ have not been used in the presentation of the final report.

The definitions defined and accepted in the research process will be used through the report and are the result of this methodological approach.

⁴³ Two years, such as planned in the financing rules of the ESF.

⁴⁴ Only eight countries, none of the new Member States (because of the financing rules of the ESF), see above on the methodology of the project.

⁴⁵ See presentation of the project above; the communications are on the Agire site, www.fse-agire.com and will be published with enhanced versions in two collective works by Peter Lang publishers in a special edition of la Revue International de droit économique (RIDE- no. 2-2008) and a special edition of the *Semaine Sociale Lamy* (France) in 2008

Remarks on the definitions used in the report⁴⁶

Restructuring: Restructuring is a complex multifaceted and multidimensional process which includes changes in the organisation of the company, in its form, scope and activities. It is the result of multiple economic purposes and objectives of the company management according to changes implied by the globalisation of the economy. It manifests itself through the closing of businesses, workforce reduction, an increased flexibility, streamlining of the business, national as well as international outsourcing and structural and functional expansion and diversification having major consequences on the structure and quality of employment.

Delocalisation: Transfer by the company or the group to another country of all or a part of its economic activity. Delocalisation can be carried out within the Union or outside it. Distinctions can also be made between mobility existing inside the former 15 member States and the new member States. Relocalisation is the other face of delocalisation and corresponds to the freedom of establishment and provision of services in EU.

Outsourcing: a commercial contract for sub contracting, which transfers a part of the company's activity – production or services-, to be carried out by an independent provider. Outsourcing can be operated within the country or outside, be national or international.

Reorganisation : change of any kind in the internal ways of organising the company

Closure of the company: the actual closing of a company whatever its form, reason or legal description.

Territory: place of relevant economic and social impact; the administrative definition is given by the member States.

The definitions of company operations are given by national laws (mergers, transfers, takeovers), notwithstanding control of the operations by the EU competition law and directives for some corporate european operations (trans-national mergers, European companies, EEIGs, European cooperatives).

Redundancy: termination of a working contract by the employer. Legal regimes according to national laws

The concepts of **collective redundancy, transfer of undertaking, information and consultation** are given by the social directives under the control of the European Court of Justice.

Measures of assistance is a generic term, covering the provisions which are used after the end of the contract, each provision subject to its own national regime.

⁴⁶Details on the legal reference regime, the definition shown here is the result of the overall approach decided on and developed in chapter 2 of the report