



Case study summary sheet : THOMSON V.G

PN, Sept 12th, 2006

- ✓ The case of THOMSON VG is emblematic of the kind of changes that result from the "paradigm shift" linked to globalisation of production systems, whereby the centre of gravity for industrial employment relocates to Asia. As a result of this shift Thomson decided to get out of what was, historically speaking, an important sector: television manufacturing. This strategic decision had a high impact on what was a highly specialised, if relatively limited area.
- ✓ Those involved (management, employee representatives and also, to a lesser extent, the local authorities) made the decision to pre-empt the situation by accepting a halt in the historic production of cathode tubes – inevitable in any case sooner or later – and the transfer of ownership of the site to a new business in the expectation of the development of an activity that would utilise the pool of glass making expertise and thus the employability of the employees in this area. The choice, once made, did imply a certain amount of risk taking (in particular by the employee representatives vis-à-vis their constituents) and can be seen as a sort of bet on the future (protect the maximum number of jobs and extend the life of a particular pool of know-how). From this point of view, it should be underlined that the strategic forethought deployed in this case contrasts somewhat with the vast majority of restructuring operations.
- ✓ The labour-management committee accountant played a fairly decisive role in advising employee representatives in the decision they took to adopt a strategy that would anticipate changes seen as eventually inevitable in any case.
- ✓ The restructuring of THOMSON VG was characterised by the adoption of relatively significant operational planning measures.
- ✓ In spite of a relatively large reduction in jobs (141 out of 441) which was carried out within a procedural framework agreed upon between union organisers and the management (which to a certain extent helped the management to contain the situation), there was no recourse to forced redundancy settlements by THOMSON VG. As with so many companies in the industrial sector, natural wastage proved sufficient to account for the necessary reductions.
- ✓ It should also be noted that responsibility for management of the situation on the company's side was not given to the local management team but was taken on by the group's head office management team. Clearly, for the group (in terms of the expectation of other operations affecting other industrial activities), the stakes involved in this restructuring process went far beyond any merely local considerations.
- ✓ Lastly, RIO GLASS, the Spanish company which took over the site, based the decision to delocalise its activity from Spain to France on several different factors: proximity of markets (openings in assembly sites of car manufacturers), support and public subsidy for the take over of the THOMSON site, a strong pool of local know-how.