



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

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).

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.

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 restructurings⁴. 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 pre-emptive measures while combining it with a strategic and operational analysis of pre-emption 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 pre-emption and the handling of changes affecting the company or region.

Pre-emption 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 pre-emption 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. A Transformation of the Instrumental and Analytical Framework of Restructurings

1-1 The Need for a Quantitative Analysis at the Level of the European Union⁵

A detailed analysis of the information collected for the ERM⁶ 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 weaknesses⁷ 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%).

⁵ Chapter 1 of the report, analysis done under supervision of Alphametrics, Terry Ward

⁶ European Restructuring Monitor,

⁷ In particular, because they are collected through the media and only concern job cuts of more than 100 people.

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 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 size⁸.

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 pre-emptive 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 lines⁹.

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 management and labour representatives. A strong link has been observed between the types of

⁸ Technical data are detailed in the report.

⁹ Faster transformations in the electronics sectors, for example, than in the automobile manufacturing sector.

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)¹⁰. This **multifaceted** aspect is also found in policies that have an impact on restructurings¹¹.

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,

¹⁰ See the table in chapter 2 of the report

¹¹ Summary table, chapter 2 and see below on European policies

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.

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 Pre-emption 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 process, one that is multifaceted and multidimensional, which includes modifications in the organisation of the company, in its form, scope and activities that comply with multiple economic purposes and objectives chosen by company management, linked to consecutive changes in the globalisation of the economy, manifested by operations that close businesses, increasing flexibility, streamlining activity, national as well as international outsourcing, but also structural and functional expansion and diversification that have major consequences on the structure and quality of employment.

Adopting a common definition at the European level does not entail legal consequences¹². 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

¹² 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.

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.

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/</p> <p>Change (refocusing) of industry/network building</p> <p>Search for profitability</p> <p>Acquire value on the stock market</p> <p>Expansion strategy</p> <p>External growth</p> <p>Globalisation</p> <p>Cost reduction and technical-economic streamlining of activities</p> <p>Centralise markets geographically</p> <p>Search for economies of scale, implementation costs, supply costs</p>	<p>Modification of company organisation</p> <p>Staff reduction, staff increase, closing a unit, transferring a unit, relocating EU/Asia, subcontracting</p> <p>(national/international), opening new units (national, EU, outside EU), outsourcing (national/international)</p> <p>Modification of the company's legal structure</p> <p>Merger</p> <p>Handover</p> <p>Acquisition</p> <p>Concentration</p> <p>Bankruptcy</p> <p>Major modification of the asset structure</p> <p>Change in majority holder: takeover bid/exchange offer</p> <p>Change in effective control</p>	<p>Unilateral information</p> <p>Concentration process</p> <p>Operational/confrontational</p> <p>Regional, national, European partnership</p> <p>Upstream</p> <p>Downstream</p> <p>Negotiation process</p> <p>Procedural</p> <p>Substantive</p> <p>Flexible</p> <p>Regional, national, European partnership</p> <p>Unilateral process</p> <p>Short immediate or long/proactive implementation</p>	<p>On jobs</p> <p>Staff reduction, staff increase, keeping staff with or without adaptation, terms of employment</p> <p>Rise in insecurities</p> <p>On the region</p> <p>Revitalisation</p> <p>Establishment of networks</p> <p>Job losses</p> <p>Job creation</p> <p>On the company</p> <p>Creation/closing of units</p> <p>Value loss</p> <p>Group configuration</p>	<p>By the company</p> <p>By public policies</p> <p>Sectoral</p> <p>Regional</p> <p>National</p> <p>European</p>	<p>Measures for workers</p> <p>1. <u>Collective measures</u></p> <p>reassignment unit/job centre</p> <p>Collective reassignment/redeployment</p> <p>Social plan/ERR method agreement</p> <p>2. <u>Individual measures</u></p> <p>Retraining</p> <p>(re)qualify/Training</p> <p>internal Reassignment/mobility/early retirement/retirement</p> <p>Voluntary departure</p> <p>Assistance in starting a company</p> <p>External reassignment</p> <p>Employee loan</p> <p>Measures for the company</p> <p>Experts, Assistance in restarting business, Assistance in outsourcing (restarting...), Subcontracting, Restructuring</p> <p>Measures for the region</p> <p>Revitalisation, Creation of specialised institutes (job centre, foundation, [unzweckgebundene] transfer)</p> <p>Creation of networks, Site-revitalisation creation centre</p>

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.

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 pre-emption but also innovation measures.

Summary Table

RESOURCES		RULES
Quality of social dialogue	Social culture in the country	Labour relations models
Quality of social dialogue CSR practises	Company culture	Labour representation/CSR law
Quality of social dialogue	Local culture	Labour relations models
Management standards	Degree to which company/group is globalised	Corporate law/community law
Idem	Management structure	Corporate law/Corporate governance
Relevant information (international/community)	How and where decision-making occurs in the company	Corporate law and labour law
Union/works council coordination Company/group coordination	Coordination of labour representatives (unions/works council/European works council)	Labour law, community law
Quality of the negotiations (company, group, region)	Official/unofficial network of players	Trade law, Labour law
Enumeration of facts with European works council Company/group negotiations	Regional partnerships	Administrative and constitutional law
Partnership, institutional revitalisation network		

2 Towards a New Dynamic: Pre-emption, Innovation, Place for European Policies

The AgirE Project has adopted a “broadened” vision of pre-emption 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. Pre-emption and innovation analysed in this manner shed light on the role European policies play in these two courses of action.

2-1 Pre-emption

Building a real process of pre-emption 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.

Pre-empting 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.

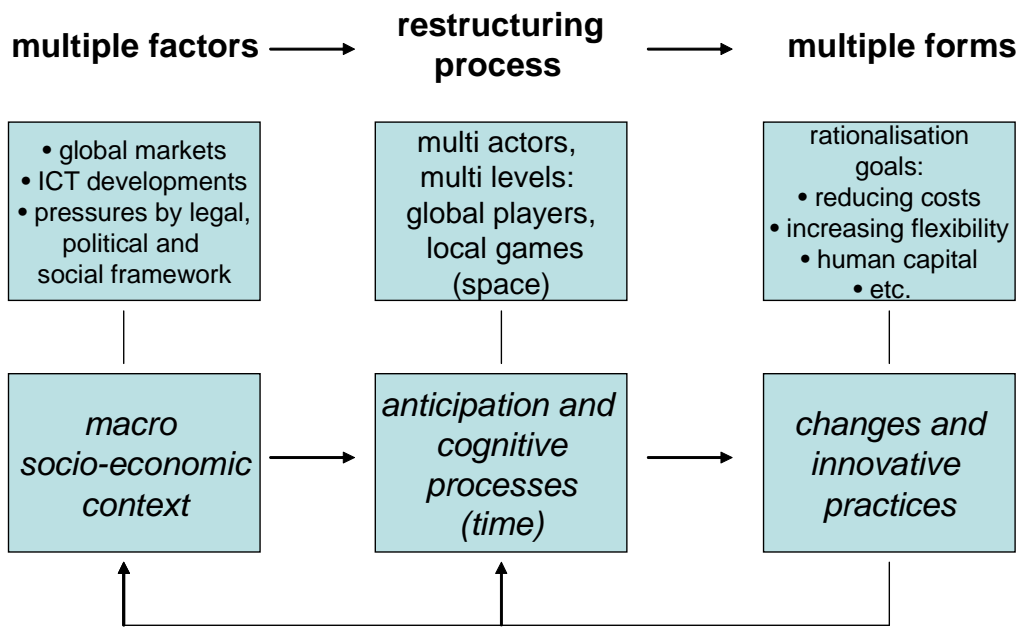


Figure 1. The multi-dimensions of restructuring anticipation

On the operational side, the pre-emption 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 pre-emptive construct. This has been done in the following table using case studies from the AgirE Project.



	<i>Operational anticipation 1 ("hotly")</i>	Operational anticipation 2 ("coolly")	Strategic anticipation
MANAGEMENT <i>Headquarters/Local management</i> <i>[centralization CE, local autonomy LA, cooperation COO, conflict CON]</i>	<i>Dinosol [CE]</i> <i>Ea [CE]</i> <i>Gisi [CE, CON]</i> <i>GE Energy Products [CE]</i> <i>Lejabi [LA]</i> <i>ABN AMRO [LA]</i> <i>Ruhr Kristall Glas [COO]</i> <i>Celestica [CON]</i>	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: <i>information and consultation</i> <i>Headquarters/European Work Council</i> <i>[information and consultation IC, no social dialogue NSD]</i>	<i>Alcatel [IC]</i> <i>Ea [IC]</i>	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>	<i>ABN AMRO [COO]</i> <i>Celestica [COO]</i> <i>Dinosol [COO]</i> <i>Finger & Pelz GmbH [COO]</i> <i>Ruhr Kristall Glas [COO]</i> <i>Gisi [initial CON, then COO]</i> <i>Alcatel [initial CON, then COO]</i> <i>Lejabby [CON, but they signed an agreement]</i> <i>GE Energy Products [CON]</i>	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 <i>with social measures from job security to career security on the labour market.</i> <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>	Alcan Singen [LC] Arcelor [LC] IBM [LC, PP] Fiat [PP, LC] Azucarera Ebro [PP]	Thomson Video Glass [LC] Sabaf [LC] Zwickau [PP, LC] Ugine [PP, LC]



It seems clear that companies prefer to handle restructurings hotly and that negotiated processes of establishing pre-emption 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 pre-empt 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 pre-emption 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 Maps¹³**).

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 pre-emption 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 financialisation 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

¹³ Diagram on Cognitive Maps, chapter 3,

testament to both keeping jobs in the European Union¹⁴ and the vitality of regions¹⁵. These transformations must effectively be planned, which not only assumes consultation but also 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.

¹⁴ In the economic realm, Lorenzi Fontagné, *op. cit.*, in the legal realm, Bob Hepple, *op. cit.*

¹⁵ See chapter 1

In the majority of cases, the players¹⁶ 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 closings¹⁷, sudden redundancies and organises training.

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).

¹⁶ Who confuse it with “good practices”

¹⁷ 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.

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</i> <i>(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 “Restructuring Directives” Employment OMCs, LLL, social protection	Internal	Social Partners + Commission Social Partners + Commission Social Partners + Commission + EMS + European Parliament EMS (Councils, Committees) + Commission + Social Partners and civil society
Corporate social responsibility		Commission + companies
Financial Instruments Support for regions <i>(FEDER, Cohesion Fund, BEI/FEI)</i> support for individuals <i>(FEOGA</i> (*), FSE, FAM)	Internal	EU: Commission, Regions Committee, European Parliament National (allocation) Regional (utilisation)

The systematic analysis of these different policies¹⁸ 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 pre-emption and 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

¹⁸ Which cannot be addressed here, see chapter 5 of the report

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 pre-empting 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 pre-emptive 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 pre-emption 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.

Conclusions of the Report

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

1. Creating Pre-emptive 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 pre-empt. 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 pre-emption 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 pre-emption, 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 region¹⁹ 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,

¹⁹ The Member States define it differently in the field of policy and administration, according to an approach associated with subsidiarity.

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 Pre-emption 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 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 will be published in both French and English on the project's website in February 2008: www.fse-agire.com.

Portions of the information presented in the six conferences in 2007 are already available on the website.

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 pre-emption at the hands of restructurings in Europe. Contributions from Italy and Italian cases will be published by Il Mulino, Bologna. A special edition of *International 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 pre-emption in restructurings in Europe.