

**European Parliament Delegation
Committee on Employment and Social Affairs**

**Visit to Eurofound
29-30 April 2013**

Restructuring trends and policies in Europe

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Head of Employment and Change Unit

The founding of the EMCC and its mandate

NICE European Council Meeting 7-9 December 2000.

- “... as of 2001, in line with the proposals from the social partners, set up a ‘European Monitoring Centre on Change’ within the Dublin Foundation”.

Joint opinion of the Social Partners delivered to the European Commission November 2000

- “The core mission of the Observatory would consist in monitoring drivers of change in the European economy. “
- “ “... special attention should be given to issues relating to employment and labour markets ...”

Managing Change: High level group on economic and social implications of industrial change. Employment and Social Affairs, European Commission. 1998

- very strongly emphasises *restructuring* and anticipating and managing structural change in the European economy


EMCC

european monitoring centre on change



Eurofound

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Restructuring and employment trends in Europe

 Extracted
11th April

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Research update: new legislation database

Restructuring events involving European companies are often influenced by legal framework conditions. As – even when based on EU Directives – national legislation can differ, Eurofound's new [ERM database on restructuring related legislation](#) provides comparative information on about 300 regulations in the Member States of the European Union and Norway which are explicitly or implicitly linked to anticipating and managing change. Together with the [ERM restructuring events database](#) and the [ERM support instruments database](#) it aims at providing relevant restructuring information at national level.

The database covers statutory rules on, for example, information and consultation as well as other aspects related to collective dismissals (e.g. selection of employees, obligation to consider alternatives), notice periods, severance payments, training, working time flexibility or wage guarantees in case of insolvency. The database is searchable by country, type of regulation, involved actors, applicability by firm size or affected workers, and cost coverage.

Updated 14 March 2013

Latest restructuring cases

 AT | 08-04-2013 [Johnson Controls](#) *(135 jobs lost)* ▼

 ES | 04-04-2013 [Darty](#) *(650 jobs lost)* ▼

Latest publications

- **New** 27 March 2013
[Restructuring in Ireland](#)
- 14 March 2013
[Employment polarisation and job quality in the crisis: European Jobs Monitor 2013](#)
- 23 January 2013
[Greening of industries in the EU - Database of case studies](#)
- 22 January 2013
[ERM Quarterly - January 2013](#)
- 8 January 2013
[Born global: the potential of job creation in new international businesses](#)
- 6 November 2012
[ERM report 2012](#)
- 22 October 2012
[NEETs - Young people](#)



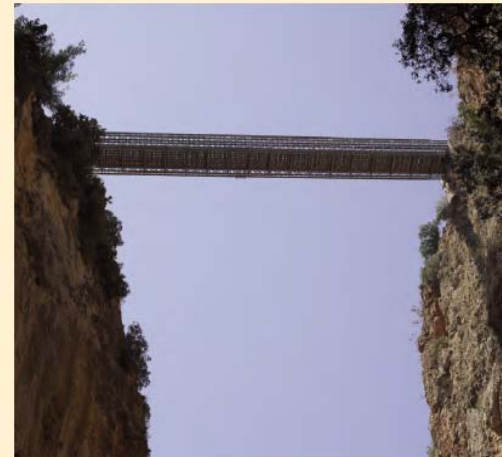
The EMCC covers most aspects of Restructuring in Europe

1. Restructuring the Big Picture – The European Jobs Monitor
2. Restructuring happen every day - The European Restructuring Monitor Events Database
3. Restructuring regulation and support instruments
4. Restructuring studies
5. EMCC Labour Futures

- Annual reports
- Future?
 - Global trends
 - “Explaining”



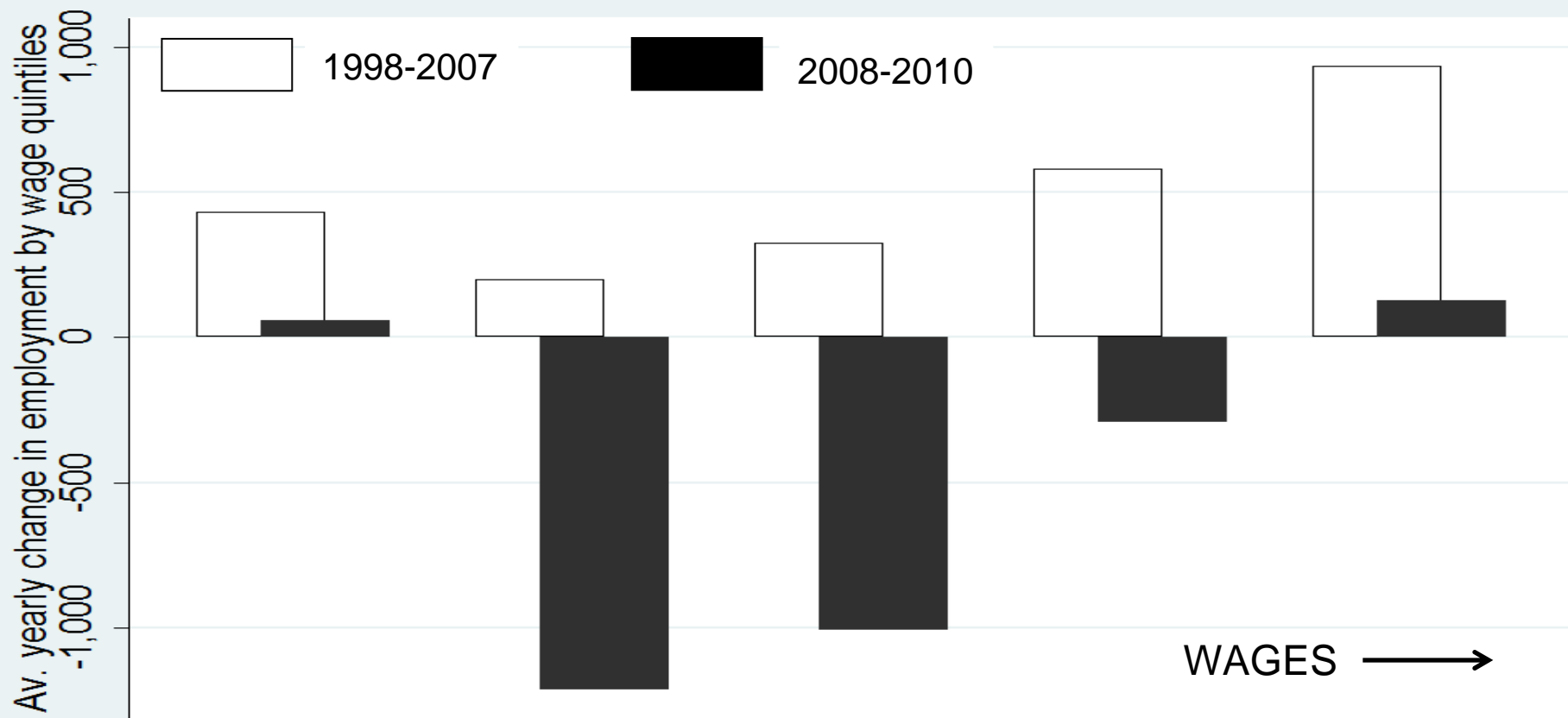
Employment polarisation
and job quality
in the crisis



European Jobs Monitor 2013



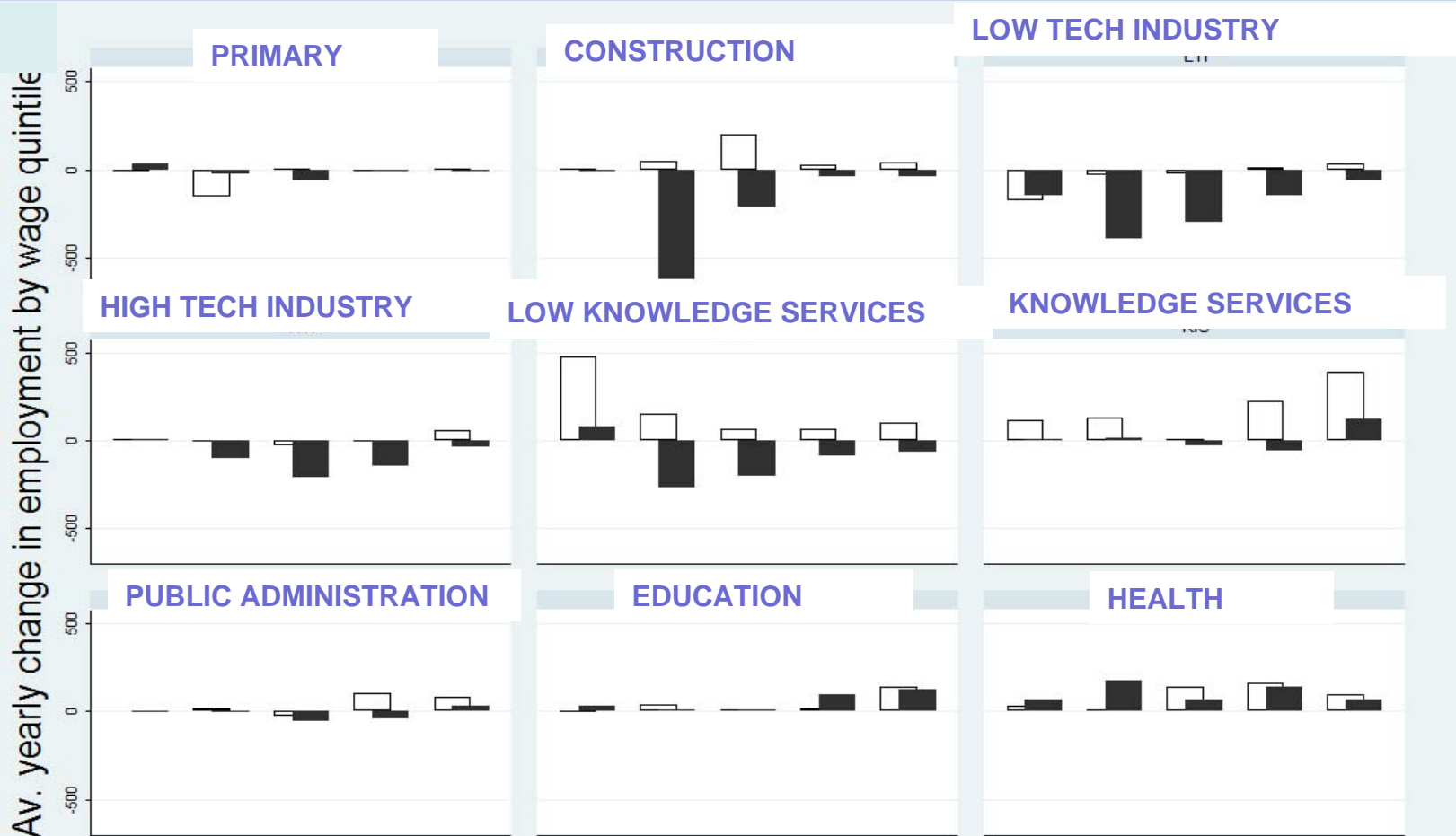
Employment growth in top wage jobs but with increasing tendency to polarisation



23 EU countries (all but BG, MT, PL, RO)
Empty bars: 1998-2007
Black bars: 2008-2010

Source: Eurofound

Change in Economic sectors



23 EU countries (all but BG, MT, PL, RO)
 Empty bars: 1998-2007
 Black bars: 2008-2010

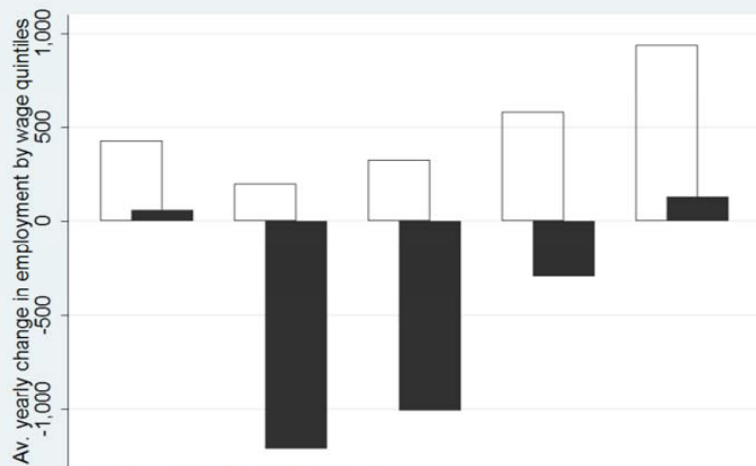
Source: Eurofound





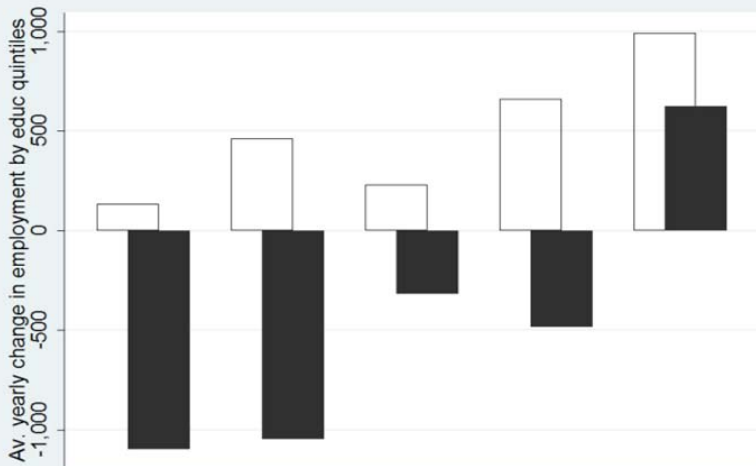
Polarization only in terms of wages

WAGES



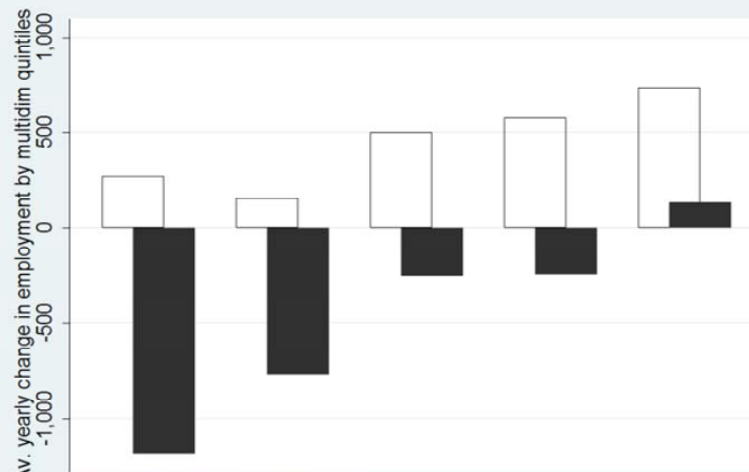
23 EU countries (all but BG, MT, PL, RO)
Empty bars: 1998-2007
Black bars: 2008-2010

EDUCATION YEARS

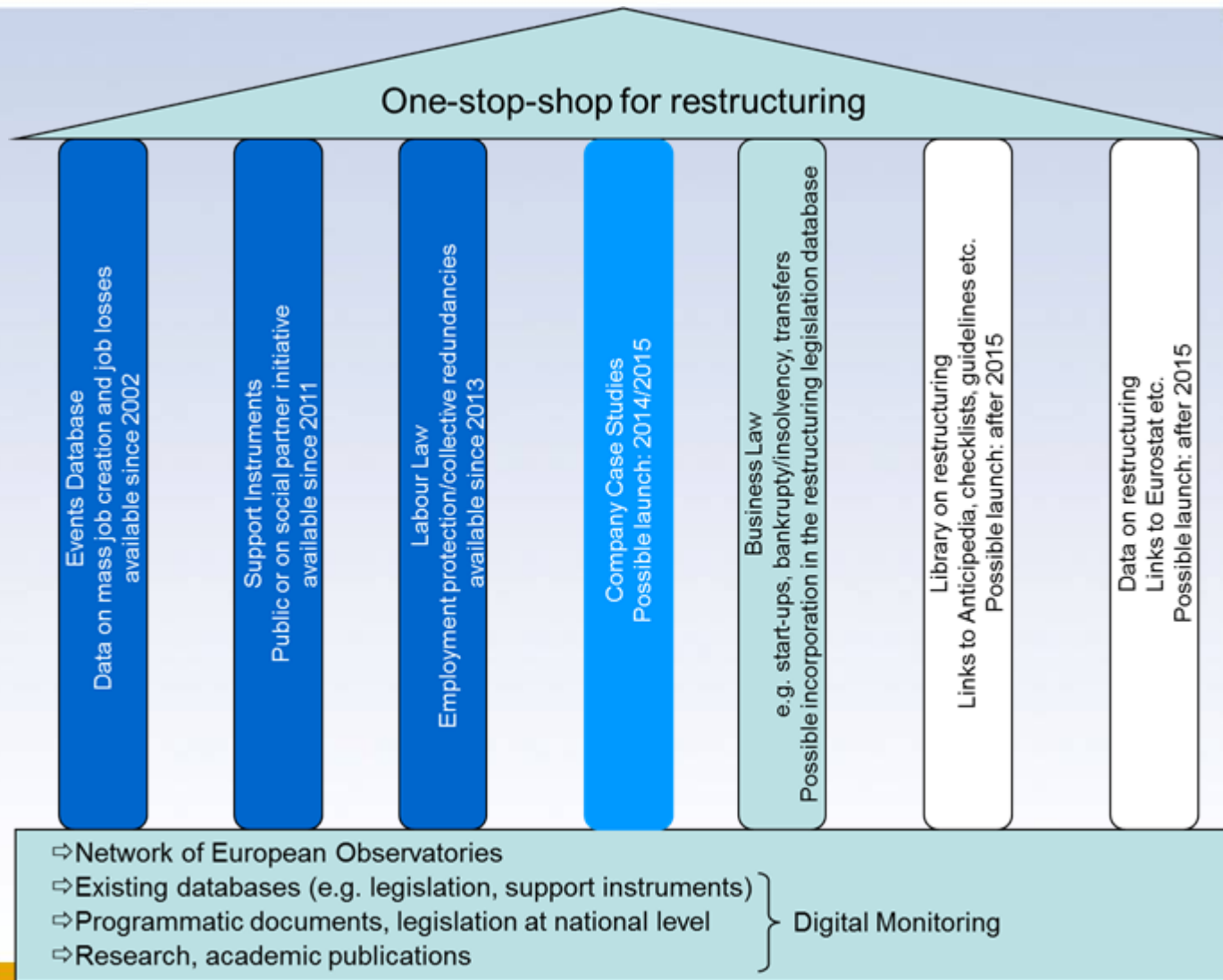


23 EU countries (all but BG, MT, PL, RO)
Empty bars: 1998-2007
Black bars: 2008-2010

JOB QUALITY



23 EU countries (all but BG, MT, PL, RO)
Empty bars: 1998-2007
Black bars: 2008-2010



2. Restructuring happens every day.... The European Restructuring Monitor Events Database



BBC NEWS
 UK version International version About the versions Low group
 Last Updated: Wednesday, 26 April 2006, 13:35 GMT 14:35 UK
 Email this to a friend Printable version

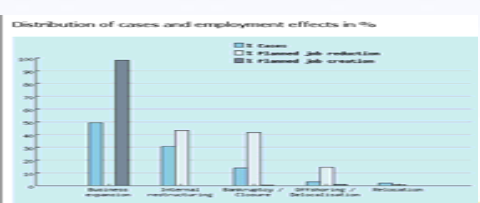
Trust plans to axe up to 450 jobs
 Up to 450 jobs could be axed at Norfolk and Norwich University Hospital this year as part of plans to reduce a £14.8m budget deficit.
 The trust board said a lower than expected national pay deal for NHS staff had reduced its predicted £22m shortfall for 2006/7 by more than £7m.



Managers said savings could be made by cutting pay and costs or reducing staff numbers currently standing at 5,600.
 The Royal College of Nursing (RCN) said unions were talking with management.

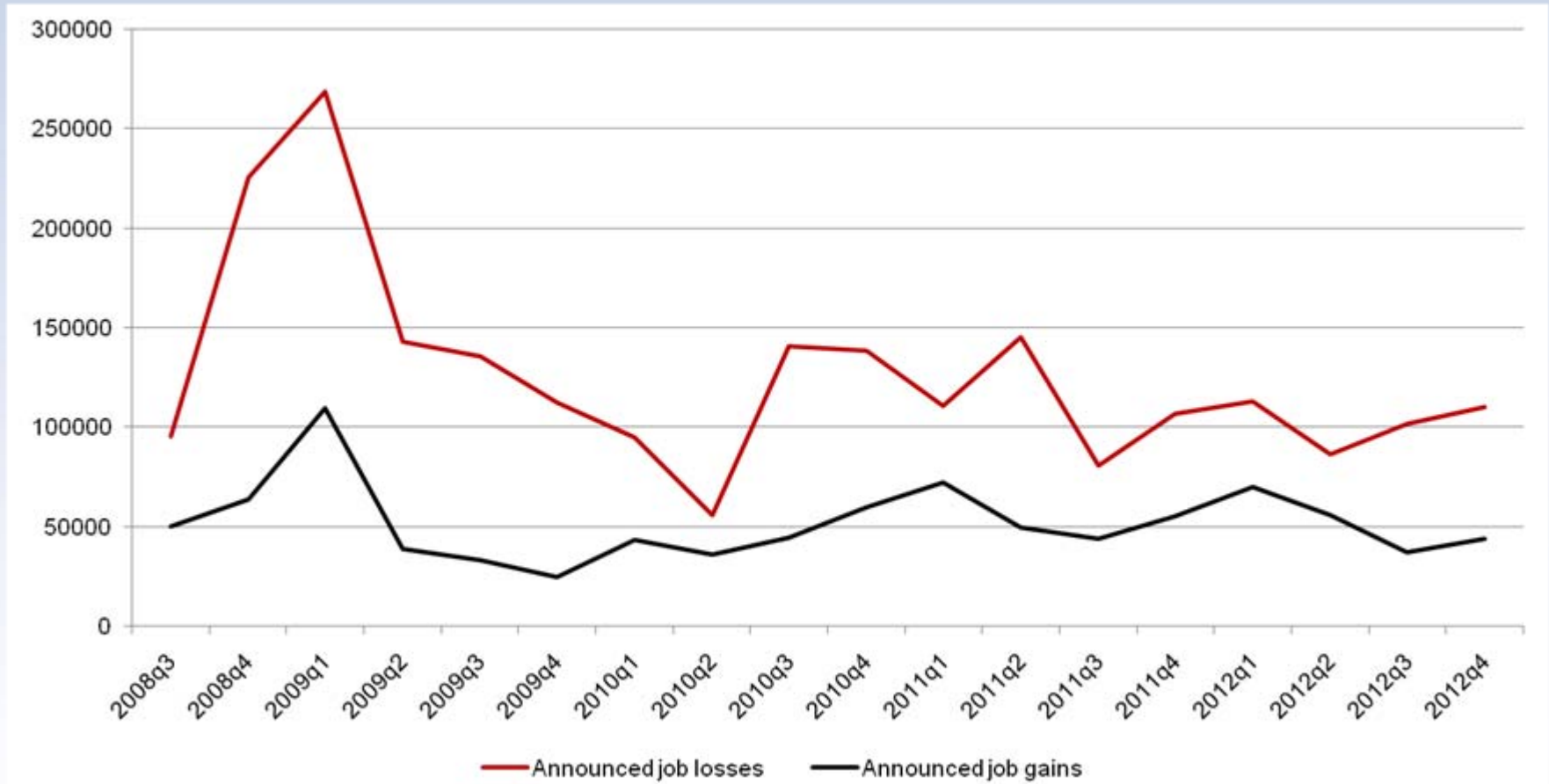
Fact Sheet Details

Company: Volkswagen Slovakia	Country: Slovakia
Geographic location:	Region: Slovakia - Bratislavsky kraj Affected unit(s): Bratislava
Company:	Group: Volkswagen Sector: Motor - Manufacture of motor vehicles Number employed:
Employment effects:	Assessment Date: 2006-04-26 Planned job reductions (max.): Planned job reductions: Type of restructuring: Business expansion Employment effect start: 2006-07-01 Employment effect location: Direct dismissals: Other job reduction measures: Planned job creation: 800
Additional information:	Volkswagen Corporation, the biggest European car producer, operates its subsidiary in Slovakia since 1992. Vw Slovakia produced more than 232,000 cars, including almost 1,200 new Audi Q7 cars (it is in initial stage of production) in 2005. President of Vw Slovakia Board Mr Thomas Schmalz announced that the Vw assembly plant in Bratislava will recruit 800-900 new employees to increase the production capacities for Audi Q7 in the next couple of months. New



- Network of correspondents (EU 28+1)
- Monitoring restructuring: Announcements in newspapers
- Cases creating/destroying > 100 jobs or
 - threatening >10 % of the workforce in sites employing > 250
- Database of fact sheets - compilation of comparative statistics
- Reporting
 - ERM Quarterly and annual reports
 - Regular reporting to DG EMPL during crisis (for monthly/quarterly labour market reports)

Recent announced large-scale restructuring job losses / gains (ERM)



<u>Announcement date</u>	<u>Country</u>	<u>Company</u>	<u>Type of restructuring</u>	<u>Sector</u>	<u>Planned job creation</u>	<u>Planned job reductions</u>
19-02-2013	Czech Republic	Smith Medical	Business expansion	Manufacturing	250	
19-02-2013	Slovenia	Boxmark Leather	Closure	Manufacturing		160
14-02-2013	Czech Republic	Multimedia Interactive	Business expansion	Administrative services	200	
14-02-2013	Czech Republic	DHL	Business expansion	Transportation / storage	120	
13-02-2013	Belgium	ING	Internal restructuring	Financial services		1000
12-02-2013	Spain	Iberia (IAG)	Internal restructuring	Transportation / storage		3807
12-02-2013	Sweden	Duni	Internal restructuring	Manufacturing		110
12-02-2013	Poland	Fabryka Maszyn i Urządzeń FAMAK	Internal restructuring	Manufacturing		160
12-02-2013	Poland	Sobet	Bankruptcy	Construction		200
11-02-2013	European Union	RCS	Internal restructuring	Information / communication		800

15649 out of a total of 15649 restructuring cases have been found.

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ERM quarterly EMCC ISSUE 4 January 2013

Macroeconomic trends and prospects

While the Eurozone sovereign debt crisis appears to have entered a less acute phase, the economic outlook for the coming months remains poor, with weak growth predicted and unemployment continuing to increase.

For the first time since the second quarter of 2011, the quarter-on-quarter real GDP growth rate in the EU27 was expected to be positive in the third quarter of 2012. Nevertheless the 0.1% growth rate is very modest and GDP fell by 0.4% when compared with the same quarter in 2011. A majority of Member States continue to suffer declining economic activity levels year-on-year and most recent forecasts are for barely rising GDP growth in 2013 (+0.3%). Comparisons with the United States are not flattering. There, estimated growth in 2012 and forecast growth in 2013 are both above 2%.

The number of employed people in the EU 27 is expected to decrease by 0.2% in the third quarter with sharper falls (>-0.5%) in Poland, Spain, Slovenia and Cyprus. The unemployment outlook continues to worsen and the EU27 unemployment rate increased to 10.7% in October and November, up from around 10.5% in the previous months and 10% in November 2011. Current unemployment rates have risen year-on-year in most Member States. The exceptions are Germany, UK, Romania, Ireland, the Baltic states, Hungary and Denmark. More than 26 million Europeans were unemployed in November 2012, two million more compared to one year ago. Disparities in unemployment rates between European countries continue to be very high, with levels ranging from 5% in Austria, Luxembourg, Netherlands and Germany to 26%* in Spain and Greece.

Job creation and job losses at a glance

The ERM recorded a total of 360 cases of restructuring between 1 October and 31 December 2012. Of these, 255 were cases of announced restructuring involving job loss, 100 were cases involving announced job creation and 5 were cases involving both job losses and job creation. These cases involved 110,337 announced job losses and 43,002 announced job gains. Internal restructuring accounted for almost 70% of the announced job losses. The incidence of job loss due to firm closure (18%) increased notably from the previous quarter.

In terms of geographic distribution, the country which recorded the greatest number of announced job losses was France (16,392 jobs), followed by the United Kingdom (11,362 jobs), Italy (11,351 jobs), Belgium (10,419 jobs), Spain (9,865 jobs)

2012Q4	Announced job loss	Announced job gain
EU27	110,337	43,002
EU27 change	0%	-10%
Big increases* by country	Belgium ++ Ireland + Spain + Sweden + Czech Republic +	Ireland +
Big increases* by sector	Telecoms ++ Manufacture: basic metals ++ Manufacture: electrical equipment + Administrative/support services +	Human health services ++

Source: ERM, October-December 2012.
* comparing qtr to 4-qr moving average. ++ =>+100% + =>+50%; each country or sector if qtr average <1000

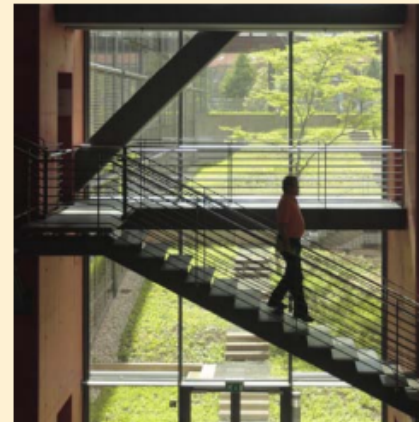
IN THIS ISSUE

- Macroeconomic trends and prospects
- Job creation and loss at a glance
- Country in focus – Sweden
- Irish restructuring support measures in focus
- Sector in focus – the newspaper industry

The ERM quarterly has a new shorter, four-page format with publication in the third week after each quarter ends.



After restructuring:
Labour markets, working
conditions and life satisfaction



ERM report 2012

First time ever same question asked in all Member States about job loss

- Eurobarometer survey between 25 May and 17 June 09
- Representative sample of c.a. 1000 people in each MS

“Please tell me whether or not each of the following situations has happened to you, as a result of the economic crisis “.

One possible response was

“ You lost your job”.

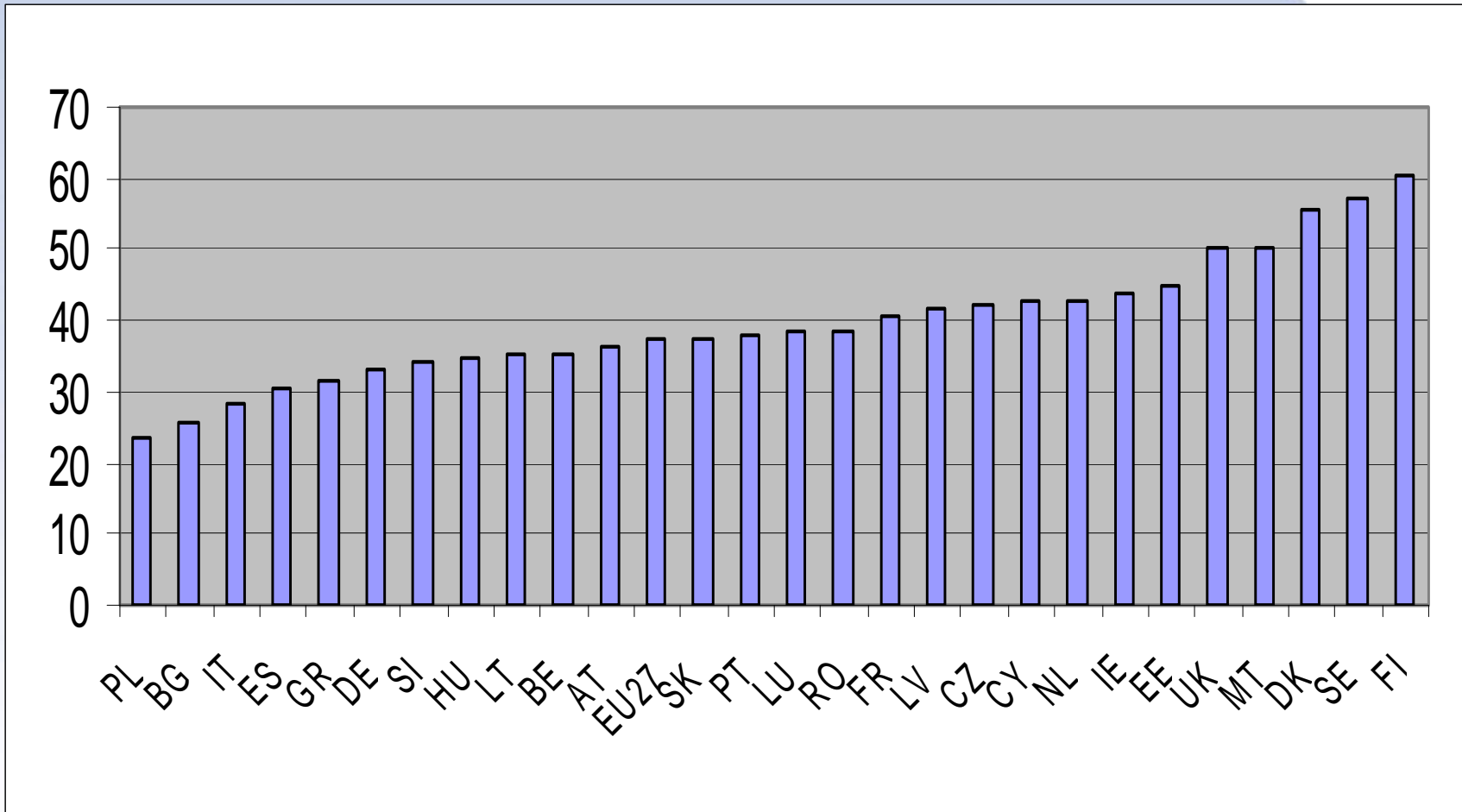
Sex		Cohabitation status	
Male	14.4%	Couple	13.2%
Female	13.8%	Single	17.6%
Age		Lone Parent	
19 - 24 years	21.1%	Not lone parent	13.9%
25 - 34 years	13.4%	Lone parent	16.4%
35 - 44 years	12.4%	Highest level of education attained ←	
45 - 54 years	14.0%	Below Upper Secondary	22.2%
55 - 64 years	15.8%	Upper Secondary + PSNT	13.1%
Foreign background		Tertiary	7.9%
Foreign background	18.3%	Professional status ←	
Local born nationals	13.5%	Professionals	7.4%
Minority status ←		White collar	10.5%
not minority	13.2%	Skilled blue collar	22.2%
minority status	21.9%	Unskilled blue collar	31.5%
Health ←		Tenure with last / current employer ←	
No chronic health issues	13.1%	0-1 yrs	39.7%
Chronic health issues	23.6%	2 years	23.7%
Children in the household		3 years	20.9%
No children	15.6%	4 years	13.9%
Children	12.7%	5+ years	10.9%

Sex		Cohabitation status	
Male	25.3%	Couple	27.0%
Female	26.8%	Single	23.1%
Age		Lone Parent	
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35 - 44 years	27.8%	Highest level of education attained ←	
45 - 54 years	29.0%	Below Upper Secondary	21.3%
55 - 64 years	19.9%	Upper Secondary + PSNT	26.8%
Foreign background		Tertiary	36.5%
Foreign background	26.4%	Professional status ←	
Local born nationals	26.0%	Professionals	38.0%
Minority status ←		White collar	32.0%
not minority	26.8%	Skilled blue collar	21.3%
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Children in the household		3 years	26.3%
No children	23.9%	4 years	19.3%
Children	28.4%	5+ years	26.6%

Multivariate analysis of probability of job loss and finding new job

Probability of ..		
	JOB LOSS	NEW JOB
Age	+ Older	Middle aged +
Foreign background	+ Foreign	
Minority status	+ Minority	- Minority
Health	+ Bad health	- Bad health
Highest level of education attained	+ Low education	- Low education
Professional status	+ Unskilled blue collar	- Unskilled blue collar
Tenure with last / current employer	- Long tenure	- Long tenure

% of employees saying that restructuring or reorganisation took place at their workplaces in previous 3 years





(+) Restructured employees more likely to ...

- more autonomy, teamwork, influence over how work is organised, task complexity, performance assessment ...
- Better paid, more profit sharing
- Greater access to training but more likely to need 'further training to cope well with their duties'



(-) Restructured employees more likely to ...

- Higher work intensity
- Higher job insecurity
- Higher levels of psychosocial workplace risk (bullying etc)
- report negative health outcomes, especially mental/psychosomatic type problems (sleeping disorders, stress, depression..)
- Greater levels of absenteeism and presenteeism

- ? 2015 Restructuring in SMEs?
- ? 2014 “Restructuring in the Public Sector?”
- 2013 “Ten years of ERM” – special on offshoring
- 2012: **After restructuring**: labour markets, working conditions and life satisfaction
- 2011: **Public instruments** to support restructuring in Europe
- 2010: Extending flexicurity - The potential of **short-time working schemes**
- 2009: Restructuring in **recession**
- 2008: **More and better jobs** - Patterns of employment expansion in Europe
- 2007: Restructuring and employment in the EU: The impact of **globalisation**
- 2006: Restructuring and employment in the EU: **Concepts, measurement and evidence**

3. Restructuring - regulation and support instruments

1. Restructuring support instruments

- 400 measures.
- Anticipation or management of change
- national governments, employers' organisations and trade unions
- instruments in terms of their characteristics, involved actors, funding sources, strengths, weaknesses and outcomes.

2. Restructuring related legislation

- 300
- statutory rules
- Content
- Thresholds
- involved actors
- costs

4. Many other Restructuring Studies

Much recent work on SMEs

- Born Globals
- Restructuring in SMEs (launch April/May)

On-going

- Regional Restructuring
- Restructuring in the Public sector
- The Future of European Manufacturing

The future of European manufacturing?



Brett Ryder

IPad retails at \$499

	<u>Costs</u>
Materials & components worldwide	154
Labour (of which China \$8)	33
Distribution & retail	75

Source: Kenneth L Kraemer University of California, Irvine.
in The Third Industrial Revolution The Economist 21st April 2012

Thank you for your attention!