Briefing Note

Restructuring enterprises through social dialogue and labour-management agreements: Social responsibility practices in times of crisis

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Due to the nature of the ongoing crisis and fast developments in the area of enterprise restructuring, the list of case studies highlighted in this note is far from being exhaustive and the practices identified evolve. The ILO, in collaboration with external experts, is in the process of monitoring and evaluating relevant developments and will be disseminating them on a regular basis, including through a number of policy briefs.

Contents

List of acronyms

BWI: Building and Wood Workers International (formerly International Federation of Building and Woodworkers, and World Federation of Building & Wood Workers)

BDA: Confederation of German Employers’ Association

CFDT: French Confederation of Labour

CFE-CGC: Confédération française de l'encadrement - Confédération générale des cadres

CFTC: Confédération Française des Travailleurs Chrétiens.

CGT: Confédération générale du travail

CEC: Confédération Européenne des Cadres/European Confederation of Executives and Managerial staff

CSR: Corporate social responsibility

DGB: Confederation of German Trade Unions

DIALOGUE (ILO): Industrial and Employment Relations Department

EC: European Commission

EMCEF: European Mine, Chemical and Energy Workers’ Federation

EFFAT: European Federation of Food, Agriculture and Tourism trade unions

EMF: European Metalworkers’ Federation

EIRO: European Industrial Relations Observatory

ETUC: European Trade Union Confederation

ETUI-REHS: European Trade Union Institute for Research, Education and Health and Safety

EUROFOUND: European Foundation for the Improvement of Living and Working Conditions

EWC: European works council

FECCIA: European Federation of Managerial staff in the Chemical and Allied Industries

FECER: Fédération Européenne des Cadres de I'Energie et de la Recherche

FISo: Fond d’Investissement Social

FO: Force Ouvrière

G20: The Group of Twenty Finance Ministers and Central Bank Governors

GUF: Global union federation

ICEM: International Federation of Chemical, Energy, Mine and General Workers’ Unions

ICFTU International Confederation of Free Trade Unions

IFA: International framework agreement

IMF: International Metalworkers’ Federation

IRES: Institut de Recherches Economiques et Sociales

TCA : Transnational Company Agreement

UNI: Union Network International

WWC: World works council

Executive summary

This briefing note depicts a number of social responsibility practices in the area of enterprise restructuring in times of crisis. As a result of the crisis the initiative for recovery is generally in the hands of employers under pressure from the global markets to cut costs. This entails a consequent shift in negotiating power between employers and workers. However, the examples provided demonstrate that win-win solutions are possible and have in many cases been found through negotiated solutions based on the assumption that by protecting the labour force of the company during the crisis, the company will be in a better position to respond to the market opportunities which should emerge after the crisis. Thus socially responsible companies can ensure both the long-term viability of the enterprise itself and stability of employment for its workers. The main focus is on labour-management initiatives aimed to protect the levels as well as the terms and conditions of employment, for as long as possible, given the situation of the company. In the cases examined, company restructuring that makes workers redundant is used only as a last resort.

Several measures have been adopted with a view to curtailing employment insecurity while at the same time maintaining enterprise sustainability.

The main measures adopted by companies (with or without State incentives) during the ongoing crisis can be summed up as follows:

- **Employability** measures which consist in promoting training, establishing internal staff pools, and/or carrying out temporary transfer of workers to training agencies or “work foundations”;
- **Working time** redistribution/reorganization usually consisting of temporary or long-term reduction of the work week, a greater variability in and extension of working hours without overtime premium, increased use of part-time work, and/or extension of operating hours (e.g. weekend work);
- **Workforce stabilization**, i.e., the establishment of conditions for use of fixed-term contracts and agency work, the transformation of precarious posts into more stable jobs, the provision of additional employment for specific groups (e.g. young people, the long-term unemployed), relocation of the workforce within the company, insourcing of formerly outsourced activities;
- **Process/product innovation** consisting of new forms of work organization (e.g. team work), and investment in new products or technologies; and
- **Strengthening the voice of employees** by using social dialogue mechanisms or establishing new information or consultation rights for employee representatives.[1]
- **Employment security in exchange for negotiated temporary wage freeze or wage cuts**;

[1] Drawing on Haipeter and Lehndorf, 2009, p.10.

The role of Governments has been critical in providing an enabling environment for enterprises to adjust to the crisis.

In several countries, national-level plans of action – sometimes negotiated with representatives from business, unions and civil society – have been adopted with a view to complementing or supporting these company initiatives. This note highlights that the governments of Chile, France, Germany, Singapore, and Zambia have been able to design and implement effective measures in this respect. Governments have supported threatened industries and companies headquartered in their countries, through measures such as (a) financing training programmes in exchange for job security; (b) providing or extending temporary subsidies via public unemployment funds; (c) extending legal provisions for short-time working and partial unemployment; and (d) encouraging social dialogue and collective bargaining at sectoral and enterprise levels. These measures proved to be critical in saving employment and businesses. In some countries (Belgium, Chile and Poland) tripartite agreements have been translated into laws and/or were implemented through collective bargaining at sectoral and enterprise levels.

Nonetheless, companies, in collaboration with workers' representatives and unions, are the key protagonists in designing and implementing effective, socially responsible enterprise restructuring plans.

This briefing note depicts and analyses two broad types of practices at enterprise level embodied in 16 case studies: (a) transnational company agreements (TCAs); and (b) plant/national level agreements.

The role of some TCAs in addressing restructuring related issues (including intra-firm workers' mobility and anticipation of change) has been key during the current global crisis.

By March 2010, 160 transnational company agreements signed between multinationals and unions operating at the cross-border level have stimulated global social dialogue between companies and workers' representatives – that is, both in the companies' headquarters and where they operate. Of these, 39 agreements addressed the issue of restructuring in 23 enterprises (including agreements on related issues such as intra-firm mobility and training). The vast majority of these agreements cover the European operations of multinationals. Annex I to this note provides overview information on these agreements.

The eight examples depicted in this note show that TCAs may create the appropriate conditions for protecting employment through cross-border social dialogue and the establishment of joint implementation and monitoring mechanisms. Furthermore, transnational company agreements contribute to cross-border coordination of collective bargaining policies which, in turn, may contribute to preventing a downward spiral in terms of wages and conditions of employment.

Three factors seem to have facilitated the signing of these innovative cross-border restructuring agreements.

- Trade union coordination resulted in specific mandates given to European industry unions (or the European Works Councils) to negotiate and sign agreements at the European level directly on behalf of workers of the enterprise and their affiliated unions in countries where the multinational operates; such a mandate is vital in ensuring that promises made at HQ levels are kept throughout the value chain, with no exceptions;
- Management commitment to dialogue demonstrates a willingness to create transnational structures for labour-management relations especially during the crisis;
- A joint commitment to ensuring stability and minimizing the risk of conflict during the crisis ("have dialogue before strikes erupt"), especially in major operating sites located in countries with a tradition of mobilization (e.g., Germany, France, Luxemburg and Belgium).

Plant/national-level agreements drawing from mature systems of industrial relations remain the linchpin of socially responsible restructuring during the crisis.

The industrial relations framework of the country where companies operate is a determinant factor in securing agreement to and effectively implementation of restructuring programmes with job saving components at plant level.

The presence of mature systems of industrial relations is an essential precondition for successful schemes to enable enterprises to adjust to crisis situations. Such systems allow for the functioning of independent trade union representatives and encourage companies to:

- establish a skilled human resources function;
- embark on an agreed programme of joint manager/worker training aimed at developing better understanding and promotion of dialogue; and
- negotiate a set of management systems dealing with industrial relations in a way that enhances mutual understanding and provides the means to avoid future problems.

Arguably, this may explain why France and Germany, two countries with well-established collective bargaining systems and a strong culture of labour-management consultation and co-determination, respectively, demonstrated possibly the greatest resistance to restructuring plans entailing massive lay-offs. The cases highlighted by this briefing note (notably the case of Daimler, Germany) are good illustrations of fair "job-security" pacts, showing that the recognition of mutual interests whereby wage concession is made in return for employment security, and the extension of employee participation, can lead to a win-win situation.

The success of company agreements addressing restructuring depends on several factors.

Broadly speaking, four key drivers for the successful implementation of both plant level and transnational company agreements have been identified:

- communication before, during and after the agreement so as to ensure workers' buy-in or "ownership" of the agreement;
- effective joint monitoring and follow-up procedures (ideally linking the local and the global);
- a forward-looking strategy of the company which is often summed up in a management belief in the capacity of its existing labour force to continue to be employable after the crisis; thus a commitment to in-sourcing (rather than outsourcing) and investment in job-saving measures (e.g., training, paid leave); and
- availability of income support measures.

However, two interrelated caveats should be kept in mind:

First, enterprise initiatives which consist of securing employment in exchange for sacrifices (e.g., pay freezes, pay cuts) pose a risk of deflationary wage spirals with obvious negative consequences in terms of recovery. Such developments can be prevented by complementary schemes such as government driven income support measures.

Second, as public deficits mount, it is unclear how long many governments will be able to resist pressures for an early exit from the stimulus measures undertaken.

It is essential to place the ILO Global Jobs Pact principles at the centre of companies', unions' and States' strategies for enterprise restructuring.

The abovementioned social responsibility practices are broadly in line with the principles of the Global Jobs Pact (*Recovering from the* Crisis*: A Global Jobs Pact)* adopted by the International Labour Conference in June 2009, with the participation of Government, employers' and workers' delegates from all ILO member States. The Pact assigns a key role to limiting or avoiding job losses and supporting enterprises in retaining their workforce, through well-thought out schemes, designed and implemented through social dialogue and collective bargaining at all levels.

Introduction

This briefing note highlights a number of social responsibility practices in the area of enterprise restructuring, i.e., the act of reorganizing the legal, ownership, operational, or other structures of an enterprise for the purpose of making it more profitable, or better organized, in times of crisis. The briefing note focuses on "practices" in terms of labour-management initiatives which aim at protecting the levels as well as the terms and conditions of employment, for as long as possible (given the situation of the company). The underlying assumption of these practices is a shared belief that by protecting the labour force of the company during the crisis, the company will be in a better position to respond to the market opportunities which should emerge after the crisis, thus ensuring the long-term viability of the enterprise and stability of employment. We therefore focus on company restructuring that makes workers redundant *only* as a last resort, that is, after a wide range of initiatives fail to produce the expected results. It excludes from its scope of analysis those enterprises which have resorted to restructuring (let alone closures) which have entailed massive lay-offs/collective/compulsory redundancies. It should also be noted that most of the practices reported below concern European companies and US companies based in the European Union (EU).[2]

Section I of this report provides figures on restructuring and their results in terms of loss of employment in the EU and the US, based on recently released surveys (Part A). It also sketches a number of crisis response initiatives which, since the beginning of the crisis, tend to be used at company level (Part B). Section II highlights **national-level** responses, to the extent that national initiatives are designed to work in synergy with enterprise initiatives. Section III depicts some successful labour-management initiatives taking the form of **transnational company agreements**, that is, labour-management signed agreements designed to cover multiple plants of the companies concerned, mostly in Europe. We draw on the experience of ArcelorMittal (Luxemburg), Schneider Electric (France), Ford Europe (US/Germany), Club Med (France), Dexia (Belgium), Thales (France), Rhodia (France), and UNILEVER (Switzerland). These agreements with cross-border coverage have been signed either with European Works Councils (EWCs), or with a European or a Global Union Federation. Section IV depicts interesting examples of social responsibility practices **at plant level**. We focus on the examples of European plants of multinationals, in particular Daimler (Germany), Schaeffler Group (Germany), Renault (France), PSA Peugeot Citroen (France), ArcelorMittal (Luxemburg and Romania), Adria Mobil (Slovenia), AXA Insurance (Ireland), and the Brazilian plants of Mercedes Benz, Ford and Volkswagen.

In conclusion, we draw some tentative conclusions on the key drivers of such practices, the role of governments, management and trade unions, and the overall impact of labour-management agreements. It is argued that since 2008, consultations and negotiations on restructuring taking place at the cross-border level on the basis of

[2] Further research is underway at the ILO with a view to identifying more extra-European examples, which appear rarer. In general, due to the evolving nature of the on-going crisis and rapid developments in the area of enterprises restructuring this briefing note should be seen as work in progress.

dialogue structures already established before the crisis seem to be very effective in protecting employment, ensuring workers' buy-in in restructuring decisions, and giving room for maneuver to companies until the expected global economic recovery returns. The role of mature industrial relations systems and of the State is also highlighted as major explanatory factors of social responsibility practices at both transnational and plant levels. We emphasize the role of collective bargaining at all levels in order to avoid the risk of deflationary wage spirals contained in the abovementioned practices. Finally, we raise the question of presumed pressures of financial markets against what is considered as excessive public deficits, pressures which will certainly impact on the capacity of States to support income support job-saving initiatives at company level.

I. Enterprise restructuring in times of crisis: Overview and trends

A. Restructuring in the EU and the USA

Over the course of 2008 and 2009, the world economy experienced one of the most serious recessions in modern times, with obvious repercussions on employment trends. The ILO estimates that in 2009 global unemployment rate reached 6.6 per cent, with the number of unemployed persons reaching 212 million. This corresponds to an increase of almost 34 million over the number of unemployed in 2007. Most of this increase occurred in 2009.[3] This has been reflected in the number of restructuring events reported in two of the largest economies of the globe, the European Union and the US, where most multinational companies are headquartered.

An in-depth analysis of corporate restructuring and the various forms that it can take lies beyond the scope of this report. For the purposes of this report it may suffice to list the main categories of restructuring found in most reports dealing with this subject matter.[4] These include: (a) openings and closures of locations; (b) increases or reductions of operations at locations; (c) transfers of production/service provision from one location to another within the same company (in the same country or another); (d) transfers of production/service provision outside a company to an external party ('outsourcing'); (e) mergers; (f) takeovers; (g) joint ventures; (h) divestments; and (i) bankruptcies.[5] The remainder briefly depicts the main trends of restructuring in the two regions as reported in recent surveys.

Broadly, according to recent statistical data collected in the EU and the US, the levels of announced job losses due to restructuring was significantly higher in the period 2008-2009 than in previous periods, with a peak around the end of 2008 and early 2009. The same surveys highlight two major trends: (a) the proportion of all announced job losses due to bankruptcy has increased significantly; and (b) there has

[3] ILO, 2010, p. 9-10.

[4] E.g., Hurley et al, 2009; Hurley and Finn, 2009; Ulrich et al., 2009.

[5] For a recent updated overview on the question of restructuring in some EU member states see, Broughton, 2009; Hansen et al., 2009; Bergström, 2009; Neumann, 2009; Kresal, 2010.

been a decline in the proportion of offshored, outsourced, and relocated jobs.[6] The latter trend – more common within European companies – seems to be confirmed by a recent survey on the strategies of companies with globally-extended supply chains during the period 2008-2010.[7]

Box 1.
Major restructuring trends: European Union

In the European Union (27 Member States) by July 2009, 22 million men and women were unemployed, five million more than the previous year. Eurofound's European Restructuring Monitor (ERM) has been monitoring the extent of restructuring in Europe and the consequences of this for employment since 2002. [8] The most recent ERM report (fourth annual report) found that between 1 January 2008 and 30 June 2009, there were approximately 3,000 cases of restructuring, around 70 per cent of which led to job loss. Total job losses from restructuring (excluding cases of international restructuring) amounted to over 900,000 jobs, with just over 400,000 new jobs being announced in the same period.

The dominant form of restructuring in 2008-2009 – as in previous years – was "internal restructuring", i.e., all forms of restructuring that do not fall into the other more specific categories (mergers and acquisitions, bankruptcy/closure, outsourcing, relocation or offshoring). Internal restructuring accounted for half of all cases in 2008–2009 (up from 36 per cent in 2002–2007) and 70 per cent of announced job losses in ERM restructuring cases. The second most common form of restructuring was "business expansion" (constituting 25 per cent of cases in 2008–2009). In the other restructuring categories, there were significant shifts with a sharp rise in cases of bankruptcy or closure but a decline in cases of offshoring, outsourcing and relocation. Offshoring has accounted only for 3 per cent of announced job loss in the ERM in 2008–2009 (down from 8 per cent on average since 2002) and was responsible for a significantly lower proportion (at least five percentage points less) of announced job losses.

In terms of sectors affected by restructuring, the primary sector (agriculture, fishing etc.) and construction accounted for only a very small proportion of overall job losses and gains. 49 per cent of ERM announced job loss occurred in industry and 47 per cent in services. Industry was affected proportionately more by restructuring job loss than was the service sector: Six of the top 10 job loss sectors were in manufacturing. In particular, car production has been especially hard hit by the decline in consumer demand. Manufacture of machinery/equipment (including production of engines, domestic appliances, weapons and capital equipment etc.), was also responsible for a significantly increased proportion of job losses.

Source: Hurley et al., 2009, p. 44-57.

In approximately the same period, similar trends were observed in the US.

[6] The survey finds that most respondents are questioning earlier outsourcing decisions and move back to "in-sourcing" supply chain activities. This trend is most obvious in the automotive sector. Companies are in-sourcing in order to utilize existing manufacturing capacity and resources, improve response times, and maintain important core competencies.

[7] Companies plan in-sourcing activities in order to tighten control on supply chain performance; utilise existing manufacturing capacity and resources; improve response times; and maintain important core competencies. This tendency to in-sourcing is mostly obvious in the automotive industry. See PRTM, 2009, p.1.

[8] The ERM dataset is based on news and media reports of individual cases of restructuring identified by the incidence of restructuring job loss and job creation by country, region, sector and by type of restructuring.

Box 2.
Major restructuring trends: USA

According to the Mass Layoff Statistics (MLS) of the US Bureau of National Statistics, employers reported 11,452 extended mass layoff actions, affecting 2,023,392 workers.[9] Both "layoff events" and "separations" reached record highs (with annual data available back to 1996). Compared to 2008, the number of events increased by 39 percent and the number of separations increased by 33 percent. The annual average national unemployment rate increased from 5.8 percent in 2008 to 9.3 percent in 2009, and private nonfarm payroll employment decreased by 5.2 percent, or 5,912,000. In terms of industry distribution of layoffs, the private nonfarm economy, i.e., all major industry sectors except utilities and information, reported program highs in terms of events and separations in 2009. Manufacturing firms reported the highest number of separations, with 652,886, followed by administrative and waste services (232,817), construction (232,279), and retail trade (166,763). Within manufacturing, the largest number of separations was associated with transportation equipment, followed by food and machinery. In terms of reasons for extended layoffs, business demand factors accounted for 46 percent of the events and 40 percent of separations during 2009. The largest increases in events were related to "business demand" factors (+1,896) and "financial issues" (+285).

Source: DOL (US), 2010, pp. 5-6

B. Responses to the crisis at enterprise level: Overall trends[10]

Since 2008 several company-level measures have been adopted, and in some cases bargained with unions, with a view to securing company viability through cost-saving measures, while at the same time curtailing employment insecurity generated by restructuring. The content and scope of every agreement differs according to the company, its economic situation, the sector in which it operates, the availability of social dialogue mechanisms and of state-led anti-crisis measures.[11] Box 3 provides an overview of typical company level responses to the crisis:

Box 3.
Company level responses to the crisis

- Freezing or reduction of wages, including postponement or elimination of bonuses and, in some cases, reduction of executive pay
- Changes in company wage structures
- Shorter or more flexible working hours, paid or unpaid leave, sabbatical and other career breaks, working hours accounts, limiting or cancelling overtime or elimination of overtime bonuses, or even shorter breaks for workers
- Redundancies – forced or voluntary
- Buyouts

[9] The Mass Layoff Statistics (MLS) program is a federal state program which identifies, describes, and tracks the effects of major job cutbacks, using data from each state's unemployment insurance database.

[10] This part draws on 2009 research conducted at the European Trade Union Institute (ETUI), the European Foundation for the Improvement of Living and Working Conditions (EUROFOUND), and on-going research at the ILO's Industrial and Employment Relations Department (ILO-DIALOGUE).

[11] A number of ILO papers (Rychly, 2009; Glassner and Keune, 2010b; Zagelmeyer, 2009; Haipeter and Lehndorff, 2009) and a policy brief under preparation (Hayter) provide updated information on these initiatives.

- Voluntary retirement
- Reduction of contributions to health and pensions schemes
- Elimination of job banks
- Compensation via shares
- Provision of training
- Possibility of rehiring
- Job security for a certain period
- Social peace as a condition for government loans

Source: Rychly, 2009, p.22.

In several countries national-level plans of action, sometimes negotiated with representatives from business, unions and civil society, have been adopted with a view to complementing or supporting these company initiatives. We return to the most successful initiatives below.

II. National tripartite consultations and agreements on employment protection[12]

Many governments in industrialized and developing countries have reacted to the global economic crisis by launching national economic stimulus packages and by adopting labour market measures. In some cases, these public initiatives have been the outcome of tripartite consultations and negotiations with the social partners, and have led to the emergence of "national tripartite agreements", soft instruments such as "joint declarations", collective agreements at sector and enterprises levels, and even new labour legislation.

Measures range from the promotion of work-sharing arrangements, training opportunities and enhanced social protection, to providing support for enterprise sustainability, and the creation of jobs through public infrastructure programmes. Broadly, the content and scope of these measures vary from one country to another, but the common denominator of all observed tripartite initiatives is an emphasis on saving jobs and securing enterprise sustainability through a mix of public and company measures. Interestingly, in some countries (Belgium, Chile and Poland) tripartite agreements have been translated into laws and/or were implemented through collective bargaining at sector and enterprise levels.

An in-depth analysis of these measures lies beyond the scope of this briefing note; they have been analysed in numerous studies and policy briefs[13] including recent ILO research conducted for the forthcoming G20 Labour and Employment Ministers

[12] This Section largely draws on research conducted at the ILO, notably G20, forthcoming, Ghellab, 2009 and Rychly 2009.

[13] See, Mandl and Salvatore, 2009; Ghellab, 2009; Rychly 2009; Neumann, 2009; Broughton, 2009; Thomas, 2009; Kresal, 2009; Hansen et al. 2009.

Meeting in April 2010.[14] These reports have highlighted a number of effective practices. The remainder of this section reproduces some of these practices, drawing on the abovementioned research.[15] The selected cases do not reflect an assessment of the countries' overall response to the crisis but are rather intended to illustrate noteworthy examples of national level tripartite consultations and agreements which support enterprise level measures to protect employment.

Chile

In May 2009 the Chilean Government (represented by the President of the Republic), the Confederation of Production and Trade, the Confederation of Small and Medium-Sized Enterprises and the Confederation of Workers (CUT) concluded a National Tripartite Agreement for Employment, Training and Labour, which was enacted into law on 28 May 2009. It stipulates six measures on employment, training and social protection, and is valid for a period of 12 months. It aims at facilitating the retention of workers within enterprises, improving workers' skills, protecting unemployed persons and helping them to re-enter the labour market, boosting public spending on infrastructure and supporting enterprises – especially SMEs – through tax relief and access to credits and guarantees. The Law also provides for a programme of grants for women. As of October 2009, 160.267 workers and 4,506 enterprises benefited from the deployment of the different measures contained in this tripartite pact. Furthermore, in late 2009 the Chilean Government and the CPC concluded a new agreement aimed at supporting SMEs through a combination of public funds (76 per cent) and private contributions (24 per cent). The plan involved CHL$28 billion (over US$50 million) and targeted more than 170,000 SMEs. The plan has been hailed by experts and international organizations alike as an example of noteworthy practices in the Latin America region.[16] After the recent earthquake in Chile a proposals is under consideration to extend the National Tripartite Agreement with some changes to take account of the new labour market conditions brought about by the earthquake.

France

On the proposal of the French Confederation of Labour (CFDT) in March 2009, the Government in consultation with the social partners established a Social Investment Fund (FISo), initially for two years. The Fund is co-financed by the state (endowed with 1.3 billion euros) and by the social funds managed by the social partners (the Unemployment Insurance Fund and the Vocational Training Fund, endowed with 200 million euros). The Fund's main objective is to finance crisis-mitigating measures, such as the training and retraining of workers and the payment of part-time unemployment benefits, targeting workers whose jobs are under threat due to the economic downturn. The Fund is managed by a tripartite body composed of representatives of the government, and employers' and unions' representatives. The

[14] See above, footnote 12.

[15] Drawing largely on Ghellab (2009), as well as information contained in the above-mentioned G20 report (Chapter 14: Social Dialogue).

[16] ILO-ACTEMP, 2010, cited in G20, forthcoming.

role of the tripartite constituents is to define criteria for using the available funds and evaluate the results of the interventions in favour of workers affected by the crisis. As of August 2009, some 183,'000 workers have benefited from measures at company level financed from the Fund.[17]

Germany

The German Federal Government has implemented two major job protection schemes following broad consultations with the social partners,[18] notably the Confederation of German Employers' Association (BDA) and the Confederation of German Trade Unions (DGB). These measures consist of short-time working arrangements (*Kurzabeit*). In this context, the maximal duration of partial unemployment has been extended from 12 to 18 and then to 24 months while its cost was reduced for employers. Despite some reservations especially from the DGB, employers and trade unions have expressed their support for this measure in a joint statement, and collective negotiations improved the initial government proposal.[19] For example, under the "short-time work allowance plus" agreed upon by the tripartite partners, companies are to be fully exempt from social insurance contributions provided they fulfill certain conditions and the number of workers entitled to this measure has been expanded. Finally the implementation process has been simplified. According to a survey conducted by the Institute for Employment Research in September 2009, 17 per cent of German enterprises have exploited the potential offered by the short-time working scheme. Of these, 41 per cent employed between 50 and 249 employees and 55 per cent employed 250 and more.[20] The total number of workers who were on short-time work reached 1.4 million in June 2009, compared to 137,000 workers in November and 295,000 workers in December 2008. In September 2009 the newly elected Government coalition decided to extend the application of the short-time working scheme until the end of 2010. It is widely accepted that despite the impact of the economic crisis on the German economy due to its exposure to global markers, job losses have been minimal so far,[21] notably due to the strong tripartite consensus on the short-time working measures.

Japan

Following intense tripartite consultations, an Agreement on Job Stability and Employment Creation was adopted in March 2009 in Japan. The agreement contains measures aimed at safeguarding employment at enterprise level, through work-sharing arrangements subsidized by the Government. Measures include: (a) suspension of employment contracts in lieu of dismissals; (b) reduction in working hours; (c)

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[17] Ghellab, 2009, p. 5.

[18] The 15-point programme entitled "Ensuring employment by increasing growth" of 15 November 2008 (stimulus package 1) and the "Pact for employment and stability in Germany" –the so-called stimulus package 2 - of 14 January 2009. The latter package was adopted by the Federal Parliament in mid-February 2009. Cited in G20 (forthcoming).

[19] Freyssinet, 2009.

[20] EIRO, 2009 cited in G20 forthcoming.

[21] Hurley et al, 2009.

education and training; and (d) temporary transfer of workers between companies. In practice this has been accompanied by subsidies given to employers who avoid lay-offs, direct financial support to SMEs, vocational training and job placement services, support for job seekers through the provision of living and housing assistance, and job counselling and some job creation measures (particularly in medical care, nursing, day care, the environment, agriculture and forestry). As of September 2009, the work sharing component of the agreement had been used by 448,008 enterprises and affected 13,794,564 workers. It should be noted that under the leadership of the Prime Minister of the new (DPJ) Government, a series of meetings named "Employment Strategic Dialogue" (ESD) was launched in November 2009; it serves as a platform for exchanging views and building consensus on employment strategies with the participation of the leaders of workers' and employers' organizations, educational institutions and academia.[22]

Singapore

Singapore experienced the effects of the global economic meltdown from late 2008. In November 2008, the "Tripartite Guidelines on Managing Excess Manpower" were adopted at the initiative of the Ministry of Manpower (MOM), the Singapore National Employers' Federation (SNEF) and the National Trades Union Congress (NTUC). This document urges companies to opt for shorter workweeks, temporary lay-offs, wage cuts and other non-wage cost-cutting measures, and to use retrenchments only as a last resort. As a consequence of this agreement, by the first quarter of 2009 the number of workers on shorter workweek and temporary lay-offs had increased from 550 before the crisis to 26,500. Furthermore, in December 2008 the "Skills Programme for Upgrading and Resilience" (SPUR) was established to subsidize training course fees and absentee payrolls. Companies were given the possibility to send their staff to training and skills upgrading in order to make better use of their excess capacity. As a consequence, the SNEF was able to help over 200 companies by providing training to roughly 10,000 workers throughout 2009. In addition, following tripartite consultations, revised National Wages Council (NWC) guidelines were adopted in January 2009, with a view to tackling the wage challenge during the global recession. In parallel, the Government took measures aimed at reducing corporate tax, providing other tax rebates and incentives. In this context it adopted a S$20 billion "resilience package", a key feature of which was a S$4.5 billion jobs credit scheme subsidizing the wages of Singaporean workers in exchange for keeping workers in their posts throughout 2009. Finally, a tripartite taskforce comprising the government, the NTUC and the SNEF was established to gather feedback and follow developments on manpower-related issues during the crisis. Among other things, the Taskforce revised the Tripartite Guidelines on Managing Excess Manpower in order to improve delivery. In addition, a "Professional Skills Programme" allowed 244,000 workers to attend training courses under the SPUR as of October 2009. Overall, as a result of these interventions, Singapore was able to avoid the high retrenchment numbers it had experienced during the 1998 financial crisis.[23]

[22] JILPT, 2009, and other sources cited in G20, forthcoming.

[23] ACTEMP (2010) in G20, forthcoming.

USA

The construction industry is a foundational industry in the USA, particularly during crises, because infrastructural spending is often used as a means to stimulate the economy. That gives governments from the federal to the local level a great deal of influence. Thus, an important issue in the construction sector is the use of Project Labor Agreements (PLAs). PLAs were discontinued in 2001 and relaunched in February 2009 and cover federally financed projects over $25 million. The Agreements represent a trade-off between job security for union members and labour peace for the company (or city in many cases). They cover all trades in a specific project for the life of the project and stipulate no lockout in return for no strike, slowdown or disruption. Wages, conditions and work rules are set for the life of the PLA. Each trade union within the Council represents its members when it comes to grievances or other kinds of conflicts within the rules of the PLA. While the Agreements have been controversial,there is some evidence that PLAs are spreading into sub-federal projects. A one-year city-wide PLA was signed in New York and expires on June 30, 2010. On February 3, 2010, the Governor of Iowa signed an executive order that covers state-funded projects.[24]

Zambia

In April 2009, the President of Zambia called a national conference, the “Global economic crisis: A wake up call for economic transformation”, participated in by academics, workers’ and employers’ organisations, and NGOs. The conference culminated in a declaration which included recommendations such as on (a) enhancing support to small and medium sized industries and women entrepreneurs through the facilitation of access to finance; (b) the provision of tax incentives; and (c) removal of red tape legislation. Following the conference, a team comprising the Ministers of Finance and National Planning, Labour and Social Security, Mines and Minerals Development, Commerce Trade and Industry, and Foreign Affairs held negotiations with mine owners and trade unions, leading to (a) the abolishment of the windfall tax on mining organisations; (b) the reduction of customs duty on heavy fuels used in the mines; and (c) deference of payment of the VAT for most mining companies. As a consequence of this agreement some 1,500 jobs were saved in the mining sector, and a number of mining companies that had suspended business due to operational costs returned to business. As well, tripartite consultations in the context of the Tripartite Consultative Labour Council (TCLC) were held from 22 to 24 April 2009, leading to an agreement between workers’ and employers’ associations on cost-sharing measures such as reduction in the number of working hours in order to save additional jobs. The tourism sector has profited from a significant number of jobs saved.[25]

[24] Stevis et al., e-mail exchange, 17 March 2010; see also Stevis and Toff, 2010.

[25] Ghellab, e-mail exchange.

III. Labour-management initiatives taking the form of transnational company agreements[26]

Numerous transnational company agreements (TCAs) have emerged in the last few years in the form of International Framework Agreements (IFAs) and European Framework Agreements (EFAs). The purpose of TCAs is to stimulate global social dialogue between the multinational and the representatives of workers – that is, both where the firm is headquartered and in the countries where it operates. TCAs also aim at promoting compliance with International Labour Organization core labour standards, notably in the area of freedom of association and collective bargaining. In addition, TCAs deal with a number of issues of common interest to management and the labour force of multinational companies, including company restructuring. By March 2010, approximately 160 TCAs have been reached, covering roughly eight million workers globally.[27] Of the 160 TCAs, 39 agreements addressed the issue of restructuring in 23 enterprises, including agreements on related issues such as intra-firm mobility and training (see Annex I). Box 4 depicts three types of TCAs on restructuring.

TCAs on restructuring usually establish social dialogue measures and mechanisms aimed at improving anticipation, training and mobility; these in turn aim to (a) avoid compulsory redundancies; (b) establish accompanying measures, such as training or outplacement assistance, (c) design management plans of change which a focus on professional development and social dialogue, and (d) establish transnational intra-firm mobility mechanisms to apply in the event of seasonal or more permanent unemployment.[28]

[26] Section III relies heavily on primary data collected by the author for the purposes of the present briefing note (notably telephone interviews with practitioners and researchers, and data and information collected through internet research and e-mail exchanges with experts).

[27] Papadakis, 2008; European Commission, 2009a; Telljohann,et al. 2009; Welz, 2009; author's research.

[28] European Commission, 2009.

Box 4.
Transnational company agreements on restructuring and related issues:
Types and signatories' motivations

Three types of TCAs on restructuring and related issues have been identified:

1) TCAs between multinationals and European Works Councils (EWCs): Since the adoption of the EU Directive on EWCs (1994), 1155 EWCs have been established.[29] Many of them have dealt with the question of restructuring in two ways. EWCs usually create space for information and consultation on, among other things, "transfers of production, mergers, cutbacks or closures of undertakings, establishments or important parts thereof, and collective redundancies".

   Furthermore, a number of EWCs have gone beyond the letter of the Directive in order to negotiate specific agreements on restructuring issues with companies (17 EWCs; see, Annex I).[30] Most of these agreements establish general rules to be applied in the event of restructuring in the European Union area (see, the cases of the Dexia - Dexia EWC, Ford Europe – Ford EWC, and Unilever – Unilever EWC agreements depicted below).

2) Agreements between multinationals and European Industry Federations[31]: These agreements adress company restructuring, directly or indirectly, and have exclusively European coverage. Most of these agreements target specific restructuring processes and have been signed especially with the European Metalworkers Federation (five agreements; see Annex I). The latter has obtained a very precise and clear mandate from its affiliates to negotiate and strike agreements with a European-wide coverage (see, below the ArcelorMittal, Schneider, and Thales agreements).

3) International Framework Agreements (IFAs) which are signed between multinationals and Global Union Federations (GUFs),[32] and have a global coverage (all plants of the company around the world, and sometimes suppliers). IFAs sometimes contain a simple reference to the question of restructuring, but without providing much detail, let alone dealing with the question of employment security (see, the Club Med, and Rhodia agreements).

Signatories' motivations

A recent EU report has identified a number of key drivers for engaging in transnational negotiation: (a) forward looking Human Resources (HR) strategies; (b) an active European Works Council (EWC); and (c) clear trade union objectives and mandates. EU research has demonstrated that the usual outcomes associated with these agreements are: (a) increased levels of trust between labour and management; (b) easier acceptance of change and a better understanding of the challenges ahead; (c) strengthening of the corporate common identity across the global operations; and (d) from a union perspective, a clear improvement or a protection of existing employment conditions when these are threatened.

Source: Papadakis, 2008; Schmitt, 2008; European Commission, 2009a; see also Pichot, interview and e-mail exchange, 1 March 2010.

[29] See, ETUI-EWC, s.d. The European Works Council (EWC) Directive aims to ensure that employees in multinational organisations are properly informed and consulted about the progress and prospects of the enterprises they are part of. According to the Directive, every multinational company that has at least 1000 employees in Europe and has 150 employees in at least two member states could set up a EWC. A EWC meeting between employers and employee representatives should take place at least once a year.

[30] EWCs should in principle perform an information and consultation function regarding the European operations of the multinationals concerned. However, EWCs have signed or co-signed several trans-national company agreements (and approximately 75 per cent of all the joint texts signed across Europe) and are regularly used as forums for assessing progress made in the implementation of the agreements. The negotiating and monitoring function of EWCs established in multinationals goes beyond their original mandate attributed by the original EWC Directive (EWC 94/45/EC and its updated version EWC 2009/38/EC).

[31] European industry federations (EIFs) refer to European federations of national unions representing workers by sector of activity.

[32] Global union federations (GUFs) are international federations of national unions by sector of activity.

Box 5 provides an overview of a number of companies with TCAs which are reviewed and analyzed in greater detail in the remainder of this section.

Box 5.
A snapshot view of highlighted transnational company agreements on restructuring

Company	Industry	Key outcomes
ArcelorMittal-EMF agreement (2009)	Metal, steel	Protect employment during the on-going crisis; No permanent plant closures; No compulsory dismissals; Establish dialogue mechanisms for better anticipating future changes; Improve employability of workers through training.
Schneider-EMF agreement (2007)	Energy	Procedures on information in the event of restructuring; Rules on consultations; Principle of timely information, consultation and negotiation; Principle of combined process when it comes to European restructuring plans (local and global dialogue).
Ford Europe-Ford EWC agreements (2000, 2004, 2006 and 2008)	Automobile	Commitments regarding job protection and investment in the event of restructuring; Active labour-management dialogue.
Club Med-IUF-EFFAT agreements (2004/2009)	Tourism	Intra-company labour force mobility (between Turkey and the EU and between Africa and Europe including Switzerland).
Dexia-Dexia EWC agreement (2007)	Banking	Timely consultations at the Dexia EWC level; Transparency regarding potential buyers of DEXIA's units (e.g. social and job strategies).
Thales-EMF agreement (2009)	Defence	Identify training needs; Anticipate technological change; Improve workers' employability.
Rhodia-ICEM agreements (2005, 2009)	Chemical	Fundamental social rights across the global value chain (ILO conventions and UN global compact); Systematic social dialogue; Joint occupational safety and health mechanisms (e.g.,

Company	Industry	Key outcomes
		joint plant audits).
UNILEVER-UNILEVER EWC agreement (2008)	Consumer goods	Information provision about prospected restructuring; The UNILEVER EWC can visit the sites and units; The UNILEVER EWC can express the views of workers regarding the management decision before its implementation.

Source: author, based on telephone interviews and information provided through e-mail exchange (see, References).

The ArcelorMittal-EMF agreement (2009)

The giant in the metallurgical industry, ArcelorMittal, headquartered in Luxemburg, was hard hit by the crisis; in Europe the company had to shut down (temporarily) 50 per cent of its production plants and take various measures affecting employment including technical unemployment, part-time arrangements, etc. The enterprise has not, however, resorted to complete closings or compulsory dismissals, even though unions expected that it was an "ideal moment" for the management to complete an earlier restructuring process initiated before the crisis. This was largely so because of (1) the need to maintain a labour force ready to participate in the delivery of orders expected after the crisis; and (2) a pioneer agreement on restructuring which was concluded between the company and the European Metalworkers Federation (EMF) (see below).

In late October 2009 a management communiqué announced a number of measures affecting the labour force of ArcelorMittal because of the economic crisis. These included (a) a temporary pause to growth plans until market conditions improved; (b) a reduction of net debt; (c) an increase in temporary production cuts to 35 per cent in response to the period of de-stocking; (d) a reduction in Selling, General and Administrative Expenses (SG&A) of USD1 billion; and (e) a voluntary separation programme across the Group. In total the programme involved up to 9,000 employees across the world, or some three per cent of ArcelorMital's total global work force.

In early November 2009 a groundbreaking agreement on restructuring was signed with the EMF. The agreement, negotiated and signed just three months after wide consultations on both sides, covered only the European operations of the company. The general aim of the agreement was to protect employment, better anticipate future changes, improve the competitiveness of the company and the employability of workers so as to adapt to the new economic context created by the crisis.

In sum, the agreement highlighted the intention of the company to maintain the workforce, machinery, tools, and plants. The company promised to make use of short-time working arrangements and provide training to those affected by the crisis and to avoid compulsory dismissals; in the event such dismissals were unavoidable, the company committed to entering a process of social planning for dismissed workers. The company also guaranteed that there would be no complete plant closures but only temporary shutdowns. Finally, a Social Dialogue Group composed of unions (led by the EMF) and management representatives was established with a view to monitoring the implementation of the agreement and anticipating restructuring and industrial changes in the near future.[33] The Group should meet three to four times per year (the first meeting took place in late January 2010). Furthermore, National Follow-up Committees were set up in all the European plants of the company so as to promote and oversee national level implementation.

Impact: According to management representatives of ArcelorMittal and the Deputy Secretary General of the EMF, the most important guarantees of employment have so far been respected by the company: there have been no permanent plant closures and no compulsory dismissals. The company is progressively reopening its plants in Europe and abroad. The company recently informed the EMF that it has already recovered 75 per cent and 80 per cent of its production capacity in the EU and globally, respectively. The EMF and the company will soon be discussing – in the Social Dialogue Group - the details of the reopening of the sites that had been temporarily shut down, particularly regarding the terms and conditions of employment of workers.[34]

The Schneider-EMF agreement (2007)

Schneider Electric is a French global company in the energy management field. The Schneider-EMF agreement signed in 2007 aims at establishing general principles and procedures in anticipation of any change which may emerge in the future, if restructuring cannot be prevented. The agreement spells out very detailed procedures regarding (a) information to be given to the Schneider EWC in such event; (b) how to conduct consultations; (c) the principle of timely information, consultation and negotiation; and (d) the principle of combined process when it comes to transnational European restructuring plans (i.e., information and consultations should take place at the same time, at both plant level and European level).

As in the past, the company (active in the energy management market) recently went through several market and labour force fluctuations; the establishment of working methods and procedures through an agreement was seen by workers at both national and European levels as a step in the right direction. Furthermore, the agreement goes beyond the traditional EWC Directive as it gives the role of coordinator to the EMF. This role has been performed rather effectively by the EMF, although debates between national unions and the EMF have sometimes been difficult. Indeed in some cases EMF affiliates have considered the European agreement as less progressive compared to national laws on restructuring (e.g., France and Italy where management is encouraged to explore alternative solutions such as in-sourcing, part-time work and social plans). On the contrary, in countries where no such legal provisions exist (e.g., in the Czech Republic or Hungary) the Schneider EMF agreement is viewed as a very progressive instrument, going beyond the law.

[33] The Social Dialogue Group is composed of 12 representatives of unions and 12 representatives of ArcelorMittal (including the signing parties).

[34] Tollet, telephone interview, 10 February. 2010; Samyn, telephone interview, 15 February 2010.

Impact: Perceptions on the impact of the agreement have varied in the context of the current crisis, from one country to another, also depending on the management culture of local subsidiaries of the company.

The most noticeable impact of the agreement has been observed in Spain and Greece. In 2008, when the Spanish subsidiary of the company announced several dismissals without respecting the principles of timely information and parallel negotiations at local and European levels, the local affiliates of the EMF channeled their complaints through the EMF to the company HQ. A delegation of the EMF and Schneider representatives from HQ launched joint dialogue between local unions, EU Schneider management and local management which ended up in the acceptance of the restructuring with a social plan. In December 2009 during an evaluation meeting of the agreement, the Greek affiliate to the EMF emphasized that the European agreement has helped them establish regular contacts with management which, until then, had turned down any possibility of labour-management contact. Similar difficulties, and positive impacts following the intervention of the EMF and Schneider HQ, have been observed in the case of restructuring plans in Sweden and Italy.

Finally, according to the EMF, Schneider is currently exploring the adoption of a new restructuring plan. The plan is widely discussed with all the trade unions and the EMF, at the initiative of the company. This is viewed by the EMF as an important development and proof that the company has mainstreamed the agreement in its HR and crisis-management related operations.[35]

The Ford Europe-Ford EWC agreements (2000, 2004, 2006, and 2008)

A series of agreements on restructuring have been concluded since 2000 between the well known US automobile firm Ford Europe and its EWC following successive changes in the company, including in the context of the recent crisis (two agreements in 2000, and one each in 2004, 2006 and 2008). In addition to procedures for dialogue, the agreements address the questions of transferability of terms and conditions of employment as well as sourcing of competences and investment commitments in the context of spin-offs and joint ventures. Rules on sourcing of competences have been established in an earlier agreement and the more general agreement on social rights and social responsibility principles. The latest agreement signed in 2008 addresses directly the question of restructuring as a consequence of the crisis. This agreement provides for support for employees, and employment and investment commitments in the case of a concrete restructuring process.

Taken as a whole, “the Ford agreements represent a high degree of development of common rules, contrary to the few agreements previously signed by EWCs in other sectors. They do not deal with political principles or broad and general procedures, but rather with concrete and substantive questions such as job security and working conditions. […] They leave little latitude on implementation at the local level. The EWC has the role of coordination, as well as of follow-up and, in certain cases, even of recourse in the event of a local dispute. The agreements were signed without industrial

[35] Samyn, telephone interview, 5 March 2010.

conflict and their subsequent number – five in eight years – testifies to the interest of the two parties for this type of procedure." [36]

Throughout the crisis and at least up to May 2009, the agreement managed to maintain active labour-management dialogue at the European level (in addition to the national level). Management sources indicate that the voluntary approach in these agreements has facilitated the adaptation of the company to current business needs in the context of the depressed global demand facing the automobile sector. A representative of Ford's EWC indicates that the agreement has also "helped employees to overcome national egoism and develop a pan-European strategy and act in a cooperative, strategic and innovative manner".

Impact: Overall the Ford agreements have been positive not only for management but also for employees to the extent that they have allowed employees to obtain first-hand information through access to senior management meetings, and involvement in strategic projects and decision-making processes. As well, the European agreements have managed to achieve better protection for employees in relation to negotiations at local or national level, despite the fact that the crisis, have de facto reinforced the competition among production sites and countries.[37]

The Club Med, IUF, EFFAT agreements (2004 and 2009)

The example of the well-known French tour operator Club Med may figure prominently among examples of socially responsible practices in terms of transnational agreements in times of crisis, not because of an open pledge to protect employment in times of crisis, but because it establishes measures and structures aimed at the transnational mobility of workers. In times of economic downturn, such mobility agreements have proved to be beneficial, especially to workers outside the EU who are interested in migrating to industrialized countries. The original Club Med IFA on "fundamental rights" signed in 2004 between the tour operator on the one hand, and the IUF and EFFAT on the other, aimed to promote: (a) the ILO fundamental Conventions, notably in the area of freedom of association and collective bargaining; and (b) intra-firm mobility of its labour force between Turkey and the EU.

In July 2009 a new agreement was signed which extended the scope of geographical application to all workers from Africa (notably Tunisia, Morocco and Senegal). The rationale behind this agreement is that giving qualified workers of summer holiday locations the possibility to work in the winter resorts of Club Med represents a win-win situation for both the company (faced with the need to employ qualified workers for its "alpine villages" which traditionally lack qualified personnel) and the employees (faced with the problem of seasonal closures of the resorts during the winter period). The current crisis, which has led to shorter tourist seasons especially in summer resorts, proved that this agreement was timely.

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[36] Da Costa and Rehfeldt, (forthcoming).

[37] Evison, 2009; Leutert, 2009; Samyn, telephone interview, 5 March 2010; Da Costa and Rehfeldt, (forthcoming); European Commission, 2009b.

Impact: While the agreement does not openly spell out the right of workers to employment protection, during the crisis the mobility policy has in fact mitigated the impact of the extended seasonal closures and consequent unemployment. Currently the scarcity of qualified personnel in the alpine Club Med resorts (which have not suffered serious losses during the crisis) has triggered discussions aimed at extending the 2009 EU-Africa mobility agreement also to non-EU Member States, starting with Switzerland. Furthermore, the agreement has served as a tool for cross-border coordinated collective bargaining (for instance, in the case of the Club Med Kos resort in Greece which faces extended seasonal unemployment due to the crisis).[38] It should be noted that the July 2009 agreement was officially deposited at the ILO by a letter sent by the HR Director of Club Med on 17 February 2010, as well as at the European Commission (DG Employment and Social Affairs).

The Dexia-Dexia EWC agreement (2007)

DEXIA is active in the banking sector operating in several European countries with its headquarter in Belgium. In 2007 when DEXIA's management board announced a restructuring plan involving the divestment of one of its units in Belgium (affecting some 150 workers), the EWC of DEXIA called upon the management to improve its interaction with the EWC when it came to dealing with restructuring, so as to ensure that information and consultation procedures at the DEXIA EWC took place in a timely manner. The then management and the CEO agreed to establish a number of rules guaranteeing timely consultations at the EWC level. According to a signed agreement (annexed to the earlier agreement creating DEXIA's EWC), the company committed to inform and consult with the workers at the EWC level *at the latest* when a "memorandum of restructuring" (separation, merger, or any other managerial decision affecting the labour force) was "on the table of the Board". Another important provision in the agreement spelled out the obligation of DEXIA to make sure that potential buyers of DEXIA's units would present a report depicting in detail the intention of the new company in terms of social and job considerations (job creation or lay-off plans), and that this report would be taken seriously into account before finalizing any plans for separation or merger.

Since the beginning of the 2008 financial crisis, the bank benefitted from important public subsidies aimed at ensuring the survival of the bank; the latter proceeded to a recapitalization of 6.4 billion euros. Following the decision of the European Commission (DG Competition) in March 2009 asking DEXIA to reduce its size by 35 per cent in order to respect competition rules at the EU level, and to prove its long-term viability in the absence of public subsidies, the company launched a restructuring programme in order to end a number of international activities, reduce its activities particularly in France, and achieve cost-savings of approximately 600 million by 2012. DEXIA decided to proceed with the divestment of branches in Slovakia (DEXIA BANKO SLOVENSKO), Spain (DEXIA SABADEL), and Italy (CREDIOP). The restructuring programme announced by DEXIA would affect 1,490 workers.

[38] Juyaux, telephone interview, 2010.

Impact: Due to the existence of the DEXIA - DEXIA EWC agreement, timely and numerous consultations were carried out with the EWC in the presence of the CEO (Mr. Mariani) which led to (a) the avoidance of compulsory redundancies; (b) the adoption of training measures to improve the employability of workers threatened by the plan (profiting from financial support provided by Belgian and French laws, where available, or alternatively from company training funds); and (c) intra-firm and even transnational workers' mobility. The social plan agreed at the EWC level has so far led to only a few retrenchments. Due to the attractive conditions agreed on concerning early retirement in some countries (e.g. France), the plan was so successful that DEXIA is now again in the process of recruiting. Furthermore, while potential buyers are not bound by the DEXIA-EWC agreement on restructuring, DEXIA took into consideration their social profile when it came to selling its Slovakian, Spanish and Italian entities, and systematically shared these profiles with its EWC.[39]

The Thales-EMF agreement (2009)

The Thales Group, headquartered in France, is active in the defense and aerospace industry where technological innovations have an immediate impact on the employability and prospects for career development of its labour force. In this context, in June 2009 the Thales Group and the EMF signed an agreement seeking to improve the professional development of the group's European employees. The group is composed of approximately 70,000 highly skilled workers, 50 per cent of whom are engineers.

While the agreement does not spell out restructuring measures, it functions as a tool for strengthening the future employability of workers within the Thales Group, notably by establishing an annual "anticipation process" linked to future employment prospects. This process includes individual interviews with all 70,000 employees are organized annually so as to better understand the training needs of staff. A Thales "university" has also been established to provide training for workers to enable them to remain on top of technological innovation. In addition, the agreement includes measures on orientation, on-the-job learning, networking, intra-firm mobility, coaching, and mentoring. It also includes a collection and analysis of a number of advanced experiences in various countries which should guide management in the process of implementation of the agreement. Finally, it assigns monitoring responsibilities to the Thales Group EWC and contains a provision on effective coordination mechanisms between the Group level and the national entities.

Impact: The Thales-EMF agreement is viewed by both signatory parties as a successful "anticipation" agreement to the extent that both workers and management participate in addressing the future needs of the company and possible labour force adjustments, following the evolution of technologies or market trends. At the moment Thales does not face significant difficulties resulting from the crisis and has not resorted to any retrenchment plan (unlike other companies in the metal industry). However, the agreement does already function as a cushion against any unforeseen retrenchment due to the crisis, thus mitigating stress at work associated with the risks

[39] Holsbeek, telephone interview, 5 March 2010.

of sudden restructuring (observed for instance in the case at ArcelorMittal before the signing of the European agreement).[40]

The Rhodia-ICEM agreements (2005, 2009)

Rhodia is a global manufacturer of specialty chemicals headquartered in Switzerland. Well before the crisis in 2005, the company signed an agreement with ICEM at the initiative of the company (notably its Vice-President, Sustainable Development Department, Jacques Khellif, a former unionist) after two years of negotiations. The main raison d'être of the agreement according to the management was to: (1) "establish rules for social dialogue and CSR which would apply equally across borders"; such global rules were seen as an "asset to move the company out of the crisis" at that time; and (2) "identify and recognise a global counterpart which would have a global status and would enjoy legitimacy" among its global labour force. The IFA was identified to be the most credible mechanism for achieving these targets.

The agreement has two aspects: (1) fundamental social rights in line with ILO conventions and the UN global compact; and (2) provisions relating to social dialogue and occupational safety and health. To ensure worldwide implementation, the company established indicators and committed to producing an annual report to be discussed in the Thales Group EWC. A number of procedures were established and training was given to workers' representatives on this issue. Most importantly, annual tripartite visits (with senior management, ICEM, and local management representatives) were organized locally (including in China, Brazil and the US) with a view to assessing progress in implementation. In 2008 a new agreement was renegotiated and signed which included a clause aimed at facilitating unionization (again with direct reference to ILO instruments). Furthermore, in 2008 a Global Occupational Health and Safety Committee was established to advise on OSH matters, with the participation of two ICEM members and four employees, one from each region where Rhodia operates (Europe, North America, Asia-Pacific, and Latin America).

In 2009, due to a dramatic drop in global demand and a decline in the volumes of production by approximately 30 per cent, Rhodia engaged in a process of restructuring of its global supply chain. While the original agreement with ICEM did not focus specifically on managing restructuring or job protection, ICEM used this agreement as a basis for raising the question of the protection of workers' compensation in the Rhodia production plant in China. When a Chinese plant was threatened with definitive closure, ICEM claimed financial support for the redundant workers, as local Chinese law did not protect them sufficiently, if at all. At the suggestion of the French HQ, local management agreed to (a) use measures of temporary lay-offs and temporary closures instead of compulsory redundancies and final closures; and (b) support workers with some sort of severance pay for those who were eventually laid off, so as to be "more in line with European standards".

Impact: The interaction between ICEM and Rhodia has been evaluated by both sides as "very constructive" even during the crisis and despite the fact that the original IFA

[40] Telljohann, 2009; Samyn, telephone interview, 5 March 2010.

did not explicitly address restructuring questions. According to ICEM, examples of good collaboration between ICEM and Rhodia have multiplied in the last year or so in the broader Asian region, notably in the area of OSH, and this despite the crisis. For instance, in the South Korean city of Onsan, following the death of a construction worker during the expansion of a local Rhodia facility, Rhodia accepted to provide compensation to the family of the diseased following ICEM's demand (even though the construction company which had been hired by Rhodia was not an affiliate of ICEM).[41]

The UNILEVER - UNILEVER EWC agreement (2008)

Unilever is a global consumer goods company based in the UK and Netherlands. It has not been dramatically affected by the current crisis, despite an observed consumer shift to cheaper brands. Thus the company has not engaged in a major restructuring programme due to the present crisis. However, since 2005 the company has identified a need to reorganize its operations in order to maximize in-company synergies and use any savings for boosting innovation and advertising. The restructuring programme which was adopted at that time involved job cuts of approximately 20,000 globally (10,000 in Europe) by 2010. Prior to this, the company had signed a document with its EWC on "Responsible restructuring". Broadly, the agreement spells out the main options available in terms of responsible company restructuring – taking into account the particular characteristics of each operation.

After a conflictual period with the UNILEVER EWC resulting from the waves of restructurings, a consultation protocol was agreed in 2008. It provides for the EWC to be informed about planned restructuring of the company. The EWC can visit the sites and units, and express the views of workers regarding management decisions before they are implemented.

Impact: The current crisis did not add a new element to the agreement or the restructuring programme, even though the need to accelerate its implementation has been identified by management. Overall, according to management, the approach taken with the EWC has (a) allowed for a full-fledged dialogue between workers and management representatives regarding the reasons for engaging in restructuring; and (b) created an new layer of dialogue at the European level, usually taking place at the local level, thus helping workers to have a better understanding of the global strategy of the company. As a consequence the level of dialogue on the restructuring programme itself has improved.[42]

Concluding remarks

The above TCAs on restructuring have emerged during a period when corporate restructuring has become pervasive and its pace has quickened. The agreements are not always a direct consequence of the current crisis but also the result of new technologies, competitive cost pressures , and the deepening of European and global

[41] Khellif, Telephone interview, 1st March 2010; Ozkan, Telephone interview, 3 March 2010.

[42] Dalton, telephone interview, 2 March 2010.

market integration. Nevertheless, because of the nature of the global crisis, addressing restructuring challenges through cross-border initiatives – as opposed to piecemeal local interventions – may increasingly appear in the eyes of both management and unions as the most appropriate and legitimate strategy in the years to come. In addition to protecting employment through joint monitoring measures, TCAs contribute to cross-border coordination of collective bargaining policies which, in turn, may contribute to avoiding a downward spiral of wages and conditions of employment.[43]

IV. Labour-management agreements at national/plant level[44]

Numerous examples of company agreements aimed at mitigating the negative impact of the crisis on employment at plant level have been identified for the period 2008-2009. These practices are sometimes linked to TCAs or to national public initiatives as mentioned above, or, in some cases, to both. Companies have negotated agrements with public authorities and/or unions to avoid the closure of plants or large scale redundancies. Particularly in the car manufacturing and mining/steel sectors which have been particularly hard hit by the global recession, companies have made extense use of two instruments to adapt employment to the changing economic situation, namely, voluntary departures and partial unemployment. These measures are often complemented with income support made available by governments, and varous types of training to improving employability of workers.

Box 6 depicts a number of company case studies demonstrate social responsibility practices at plant level. These examples will be described in greater detail in the remainder of this section. The majority of the cases draw on the experience of plants of German and French multinational companies operating in the European automotive sector. Examples outside this region appear to be rarer.

Box 6.
A snapshot view of selected plant-level agreements on restructuring

Company (year)	Industry	Country/rationale
Daimler (2009)	Automotive	**Germany:** limited job guarantee in return for a number of concessions concerning working time and pay; Labour cost reduction of €2 billion; Permanent employment contract from majority of employees following their apprenticeship; Right to cancel the agreement on company side; Shop agreement that secures their jobs for 10 years in a major plant (*Sindelfingen);*

[43] Glassner and Keune, 2010a, p. 7.

[44] This Section draws largely on recent ETUI and EUROFOUND research, a research project on “Anticipating and Managing Restructuring in Enterprises National Seminars (A.R.E.NA.S)”, conducted by the International Training Centre-ILO, and on-going research conducted at the Industrial and Employment Relations Department of the ILO.

Company (year)	Industry	Country/rationale
		Creation of 2,700 new jobs to compensate for moving production of a vehicle production from Germany to the US.
Schaeffler Group (2009)	Automotive	Germany: Relative guaranteed job security until 2014; Introduction of co-determination rights; Reduction in labour costs achieved through working time reduction with an adjustment of wages and salaries; a further use of short time work; voluntary agreements to terminate the labour contract; part-time contracts for senior workers.
Renault (2009)	Automotive	France: Salary guarantee for employees in partial unemployment; Solidarity fund to support the income of workers in partial unemployment; Tripartite contributions to the fund (one third through the withdrawal of a percentage of all salaries, one third by public support funds, and one-third by the company).
PSA Peugeot (2009)	Automotive	France: Salary guarantee for employees in partial unemployment in exchange of concessions on number of leave days; Vocational training for improving employability.
ArcelorMittal (2009)	Metal, steel	Luxemburg: Job retention plan; accompanying measures for voluntary departures; Reemployment guarantee within 2 years. Romania: No plant closure despite halt in production; maintenance of the majority of work force and salaries; temporary lay-off or leave schemes.
Adria Mobil (2009)	Automotive	Slovenia: Temporary' transfer of workers to other plants on a voluntary basis; Three-week working month with full salary guarantee; Future use of working hours lost but paid by the company; 30 days unpaid leave.
AXA Insurance (2008)	Insurance	Ireland: Timely information and consultation; Severance and early retirement payments and outplacement going beyond legal requirements and practices in the sector; Pre-retirement assistance for older workers.
Mercedes Benz, Ford and Volkswagen (2008)	Automotive	Brazil: Intra-firm mobility (transfer of workers from the hard hit divisions to less affected ones); Time banking; Bonus waiver to increase company cash flow; Collective vacation.

Source: Author based on various reports prepared by the ETUI, EUROFOUND, ITC-ILO/A.R.E.NA.S, and ILO-DIALOGUE.

Daimler (Germany)

In an agreement signed in April 2009 between the big German car manufacturer Daimler and the enterprise union, the company provided a limited job guarantee in return for a number of concessions concerning working time and pay. The measures laid down in the agreement are intended to reduce labour costs by €2 billion. The agreement covers 161,000 employees working at the 15 German sites follows a previous cost-cutting package concluded at the company in 2004. Of the apprentices who started their training in 2006 and 2007, 80 per cent will receive a permanent employment contract from the company following their apprenticeship. The remaining 20 per cent of apprentices will be employed on a fixed-term contract for 12 months. In case the company's economic situation does not improve or deteriorates further, the company does, however, have the right to cancel the agreement with effect from 31 December 2010.[45]

In December 2009, the management of Daimler's biggest car factory in Germany, the *Sindelfingen* plant, signed a shop agreement that secures jobs for 10 years, a guarantee that brought an end to protests over moving production to the US, organized by the IG Metall union and the local works council. All 37,000 employees at the Sindelfingen plant will not face any forced redundancies until the end of 2019, Daimler states. The *Financial Times* stressed that the deal is unusual even in a country where similar agreements for shorter periods were common before the financial crisis. Daimler is to create 2,700 new jobs to compensate for moving production of the best-selling Mercedes C-Class saloon from Sindelfingen to Tuscaloosa in the US. The new jobs will stem from shifting production of the SL roadster model from Bremen to Sindelfingen and a pledge to continue producing the new generations of E-Class and S-Class saloons at the plant. The union is prepared to moderate its wage demands across the German industry in an effort to save jobs. As in the April 2009 agreement mentioned above, there is an escape clause for Daimler if the economy deteriorates rapidly.[46]

Schaeffler Group (Germany)

This German company active in the automotive industry signed an agreement in 2008 with the trade unions IG Metall and IG BCE, the German Mining, Chemicals and Energy Union and representatives of the works council, which provided for a relative guarantee of job security until 2014. The group also agreed to maintain the existing employment and worker representation structures and to respect all existing provisions laid down in collective agreements. In February 2008, the car component manufacturer and IG Metall signed the so-called "Agreement for the Future". With the Agreement, IG Metall accepted to support the request for public aid addressed to the government by the Schaeffler group. In exchange, the group finally agreed on the introduction of co-determination rights. Thus, half the seats of the supervisory board will be given to staff representatives. On 26 May 2009, the Schaeffler group, IG Metall and the group works council signed an agreement on the reduction of labour costs in exchange for temporary job security.

[45] Hurley et al., 2009, p. 76; see also Zagelmeyer, 2009 and http://www.daimler.com/dccom/0-5-7171-1-1203507-1-0-0-0-0-0-9296-7164-0-0-0-0-0-0-0.html, cited in ILO, 2009.

[46] ETUI, 2009b; Glassner, e-mail exchange, 2010.

This arrangement represents the first practical outcome of the Agreement for the Future. It rules out company redundancies until 30 June 2010, provided that the reduction in labour costs is achieved by means of a jointly agreed list of measures (working time reduction with an adjustment of wages and salaries, further use of short-time work, voluntary agreements to terminate the labour contract, part-time contracts for senior workers, reduction of one-off payments as well as the establishment of transfer companies). It should be noted that this agreement was established against the background of the severe demand shock that hit the car industry and the recent merger with the multinational car component supplier Continental which endangered around 220,000 jobs at Schaeffler. This cost-saving agreement that also maintains employment was welcomed by the German metalworkers' union IG Metall, the company's works council, as well as by the management.[47]

Renault (France)

In July 2008 Renault announced its intention to cut at least 5,000 jobs in Europe due to the deteriorating macroeconomic climate. In September 2008, the management presented a programme of voluntary departures involving 4,000 jobs in France. The Sandouville factory in the Normandy region in northern France was particularly affected: 1,000 production posts had to be cut out of a total 3,800 jobs. The same month, management announced to its EWC that an additional 2,000 jobs had to be cut in the subsidiaries, 900 of which were in France and 1,100 in the rest of Europe. The announced job cuts came as a surprise particularly as in February 2006 Renault had launched an ambitious plan called the "Renault Contract 2009", which had three main objectives: (a) an increase in production; (b) increase in profitability; and (c) the launching of a new high-quality luxury car (Laguna 3) – at the Sandouville plant. French trade unions reacted strongly to the proposed restructuring plan, considering that Renault was using the economic crisis as a pretext and that the announced "voluntary departure plan" was in reality a hidden redundancy plan.

In March 2009 an agreement called the "social contract for crisis" was signed between Renault's management and four union organizations (the CFDT, CFTC, CFE-CGC and FO). The agreement aimed at maintaining the workers' net pay during partial unemployment. This was to be financed by a "solidarity" effort of the professional and managerial staff (executives, engineers, technicians, supervisors). Up to November 2009, production workers on partial unemployment received 80 per cent of their net salary (10 per cent over the legal minimum). This was financed by a "crisis management fund" based on a deduction of 0.15 per cent from all salaries. The professional and managerial staff which represented 28 per cent of Renault's employees in France also went on partial unemployment (the Renault headquarters and eight engineering centres closed every Friday). According to the collective agreement in the metal sector, these categories were given their entire remuneration in case of partial unemployment. They continued to do so, but they were also asked to contribute to the crisis management fund by offering one day of their working time reduction account for each five days of partial unemployment (up to a maximum of eight days).

[47] Glassner and Keune, 2009b.

This contributed to maintaining 100 per cent of remuneration for all workers, if they agreed individually to give up part of their working time account. The scheme is being financed by a public support fund, for which a special agreement was signed between Renault and the Ministry of Labour in May 2009. Thus the partial unemployment of the production workers is currently financed one-third by the company, one-third by the State and one-third by the solidarity fund. The agreement allowed important cost-savings for the company, due to a reduction in fixed costs (electricity, heating, etc.), and social contributions. It should be noted that a major union, the CGT, has not agreed to sign the agreement on the ground that the company could afford to make more important contributions to finance partial unemployment.[48]

PSA Peugeot Citroen (France)

In April 2009, the PSA signed an agreement with five union organizations (the CFE-CGC, CFDT, CFTC, FO and GSEA). The agreement guarantees 100 per cent of the net salary of employees in partial unemployment for a period ranging from three to six months. During this period, the workers concerned receive vocational training which improve the employees' "internal employability" by increasing their professional skills as well as their "external employability" with a certification. Their remuneration is financed jointly by the unemployment insurance scheme, state funds and the company. This agreement was complemented by a second one signed in July by the PSA, the six abovementioned unions and the CGT. The new agreement guarantees 90 per cent of the net remuneration of employees in partial unemployment, without any time limit. Workers are entitled to 100 per cent of their remuneration if they agree to give up part of their annual leave. The company also guarantees to maintain an employee in employment for a period that covers the double of period normally covered by a previous collective agreement on partial unemployment.[49]

ArcelorMittal (Luxemburg and Romania)

As previously mentioned, the 2009 agreement between ArcelorMittal and the EMF managed to avert compulsory lay-offs and total plant closures. Two good illustrations of how the agreement is implemented at national and plant levels are the Luxemburg and Romanian operations of the company. In Luxemburg, in a job retention plan devised in December 2009 a number of measures have been adopted consisting of a re-employment guarantee within two years for former employees who are made redundant for economic reasons by their new employer, and the provision of financial support to workers who are re-employed in less well-paid jobs (*Aide au reemploi*). The compensation payments range from six months' salary for those employees with less than five years' seniority, up to 18 months' salary for those with over 25 years of seniority.[50] In the case of Romania, the ArcelorMittal plant had to halt its production for three weeks in the summer of 2009 due to unsold stock. Despite the plant's

[48] Rehfeldt, Telephone interview 3 March 2010.

[49] Telephone interview, Udo Rehfeldt, IRAS; see also Glassner and Keune, 2010a.

[50] Thomas, 2009, p. 34.

shutdown, maintenance work continued with the participation of 700 employees; the other workers were placed on temporary lay-off or leave.[51]

Adria Mobil (Slovenia)

This Slovenian company based in Novo Mesto produces caravans and motorhomes under the 'Adria' and 'Adriatik' brands and sells 99 per cent of its total turnover in western European markets. The company has a 6.5 per cent market share on the European market and ranks sixth among the most successful European producers in its field of activity. In recent years, the Adria Group has become very widespread and today it operates globally in numerous markets in three continents (Europe, Asia, Australia), employing more than 1,200 people. In 2009, after agreement with its employees, Adria Mobil introduced a series of measures to deal with the crisis, including: (a) an agreement between Adria Mobil and Renault's subsidiary Revoz: given Revoz's temporary need for 150 additional workers, part of the Adria Mobil workforce will be temporarily shifted to Revoz (the temporary move to Revoz takes place in accordance with individual workers' wishes); (b) a three-week working month: during this period, salaries are not reduced but employees will compensate for this with extra work the following year; and (c) 30 days unpaid leave (Hurley et al., 2009, p. 73; see also Kresal, 2010, p. 45).

AXA Insurance (Ireland)

In July 2008 the UK insurance and pension fund company AXA Insurance announced a restructuring plan that would result in 120 voluntary redundancies at its Dublin office, reducing its workforce from 920 to 800 workers. AXA management first raised the issue with employee representatives in October 2007, but the main consultation process occurred over a three to four-month period up to July 2008. This consultation involved representatives from two trade unions, i.e., the Services, Industrial, Professional and Technical Union (SIPTU) and Unite. AXA and SIPTU agreed on a major pay and restructuring deal in July 2008 and while Unite initially expressed some opposition to the reorganization, it eventually agreed. The company and trade unions then appointed an independent facilitator who played an important part in drafting a jointly acceptable settlement on the restructuring process. As a result, the trade unions were able to secure certain improvements.

Most of the 120 employees that left AXA as part of the voluntary redundancy or the early retirement programme (aged in their late 50s) were given pre-retirement courses, financial advice and professional assistance on pensions. Some outplacement assistance was also offered. Voluntary redundancy consisted of six weeks' basic pay for each year of service – including statutory redundancy entitlement of two weeks' pay for each year of service paid by public authorities. Weekly pay calculation included basic pay as well as an appropriate average of performance bonuses awarded for the last three years. In addition to the agreed redundancy payment, the statutory minimum notice was paid in the most tax efficient manner possible. The upper limit on

[51] Hurley et al., 2009, p. 72.

minimum notice and redundancy payment was €265,000. Voluntary redundancy was open to qualifying staff up to the age of 56 years at the time of leaving the company and all staff selected and approved for voluntary redundancy retained full pension rights. Staff taking early retirement with less than five years to go before reaching the normal retirement age received an additional payment of six weeks' basic pay for each year of the added five years' service that were not completed. A lump sum statutory redundancy payment was also applied.

The case study provides an interesting example of a socially responsible approacth to restructuring through involvement, consultation and negotiations with employee representatives in dealiing with redundancies. While redundancies have not been avoided, unions and experts on restructuring agree that the consultation was timely (before any restructuring took place), and that workers received a comprehensive package which helped mitigate the effects of redundancy, including generous severance and early retirement payments, and outplacement and pre-retirement assistance for older workers.[52]

Mercedes Benz, Ford and Volkswagen in Brazil

The Brazilian auto assembly and auto component industry created jobs up until September 2008. The crisis which was felt since the winter of 2008 was translated into a phasing out of export credits and a drop in domestic sales due to low consumer confidence affecting especially local sales of buses and trucks. In this context, a number of collective bargaining agreements signed with works councils/union committees of the Brazilian plants of Mercedes Benz, Ford, and Volkswagen managed to reduce retrenchments.

In the case of Mercedes Benz an agreement between the management and its works council created a bank of hours, established a practice of collective vacation with paid leave (mainly for fixed-term workers), and offered incentives for voluntary retirement. As a consequence 1,300 workers went on early retirement and no dismissals of fixed-term staff took place. At the same time, the agreement created intra-firm mobility, translated into the transfer of workers from the hard hit buses/trucks division to the cars division which was less affected by the crisis.

A similar agreement reached at Ford also established a bank of hours; while the agreement did not manage to avoid 163 dismissals, it led to 144 early retirements and the saving of 200 fixed-term jobs which were initially threatened. Workers also agreed to forego a Christmas bonus. Finally, in the case of Volkswagen, following an agreement at the works council level, the personnel agreed to take collective vacation in December 2008. The factory returned to almost normal production by January 2009 with no dismissals of fixed-term workers (this was mainly due to the fact that the plant is oriented towards the domestic market which in the case of Brazil has recovered relatively quickly.[53]

[52] Broughton, 2009, pp. 41-44.

[53] Zylberstajn, 2009.

Final remarks

Most of the examples highlighted above can be found in France and Germany, especially in the automotive industry, as these countries and sectors enjoy well-established collective bargaining systems and a strong culture of labour-management consultation and co-determination, respectively. Indeed, the presence of "mature systems of industrial relations" is an essential precondition for successful schemes enabling enterprises to adjust to crisis situations. We return to this point below.

Conclusion

This briefing note highlights a number of socially responsible practices in the area of enterprise restructuring in times of crisis. Since the start of the recession in 2008, companies particularly in the manufacturing and construction sectors have been faced with a very significant decrease in global demand. They have responded through a wide array of strategies reflecting the severity of the impact of the crisis, their corporate cultures as well as a range of institutional factors such as existing agreements (i.e. TCAs), the legal framework (employment protection legislation[54]), the system of social security, and the availability of various specific tools such as short-time working schemes supported by state-led schemes (e.g., the German scheme; or the French Social Investment Fund).

The role of some Transnational Company Agreements (TCAs) in addressing restructuring related issues (including mobility and anticipation of change) proved to be key during the current global crisis. In addition to protecting employment through joint monitoring measures, transnational company agreements contribute to cross-border coordination of collective bargaining policies which may, in turn, contribute to the avoidance of competitive wage-setting and the deterioration of labour standards.[55]

Three factors seem to have facilitated the signing of restructuring agreements at the cross-border level:

- Trade union coordination resulted in specific mandates given to European industry unions (or the European Works Councils) to negotiate and sign an agreement at the European level directly on behalf of workers of the enterprise and their affiliated unions in countries where the multinational operates; such a mandate is crucial in ensuring that promises made at HQ levels are kept throughout the value chain; and

- Management commitment to dialogue by demonstrating a willingness to create transnational structures for labour-management relations especially during the crisis; and

[54] An ILO policy brief on comparative features of legal frameworks regulating redundancies is under preparation. It draws on a new ILO database (EPlex) which contains information on the employment termination laws of some 60 countries. EPlex covers all the key topics which are regularly examined in national and comparative studies on employment termination legislation. The information is broken down to cover more than 50 variables, and will be updated annually to facilitate analysis of impacts and trends over time. See, http://www.ilo.org/dyn/terminate/termmain.home.

[55] Glassner and Keune, 2010a, p. 7.

- Joint commitment to ensuring stability and minimizing the risk of conflict during the crisis (“have dialogue before strikes erupt”) especially in major operating sites located in countries with a tradition of mobilization (e.g., Germany, France, Luxemburg and Belgium).

The 2009 European agreement signed between Arcelor-Mittal and the EMF is a clear illustration of a corporate responsibility practice in this area. The agreement, signed by the EMF with a clear mandate from its affiliates, had a significant impact in terms of protecting employment in times of crisis and industrial change. The most important guarantees in favour of employment have so far been respected by the company: there have been no permanent plant closures and no compulsory dismissals. As the company reopens its plants in Europe and abroad, further ad hoc social dialogue with the EMF is taking place with a view to reintegrating workers smoothly.

As far as national/plant-level initiatives are concerned, the industrial relations framework of the country where companies operate constitutes a determinant factor in securing agreement to and effective implementation of restructuring programmes with job saving components at plant level. The presence of mature systems of industrial relations is an essential precondition for schemes which enable enterprises to adjust effectively to crisis situations. Such systems allow for the functioning of independent trade union representatives and encourage companies to:

- establish a skilled human resources function;
- embark on an agreed programme of joint manager/worker training aimed at developing a better understanding and promotion of dialogue; and
- negotiate a set of management systems dealing with industrial relations that enhances mutual understanding and provide the means to avoid future problems.[56]

Arguably, this may explain why France and Germany, two countries with well established collective bargaining systems and a strong culture of labour-management consultation and co-determination, respectively, demonstrated possibly the greatest ability to develop restructuring plans that avoided massive lay-offs. The cases highlighted by this briefing note – notably the case of Daimler, Germany – represent good illustrations of fair “job-security” agreements, showing that the recognition of mutual interests, whereby wage concession is made in return for employment security and the extension of employee participation, may lead to a win-win situation.

Broadly speaking, four key drivers for successful implementation of both plant level and transnational company agreements are identified:

- Communication before, during and after the agreement so as to ensure workers’ buy-in or “ownership” of the agreement;
- Effective, joint monitoring and follow-up procedures (ideally linking the local and the global); and
- A forward-looking strategy of the company which is often summed up in a management belief in the capacity of its existing labour force to continue to be

[56] Miller, 2008, p. 162.

employable after the crisis; a commitment to in-sourcing (rather than outsourcing) and investment in job-saving measures (e.g., training, paid leave).

- Availability of income support measures.

Finally, the role of Governments and public authorities in general is also vital in providing an enabling environment for enterprises to adjust to the crisis. Many Governments have responded rapidly by supporting threatened industries and companies headquartered in their countries, sometimes in consultation with businesses and unions. Measures such as (a) financing training programmes in exchange for job security; (b) providing or extending temporary subsidies via public unemployment funds; (c) extending legal provisions for short-time working and partial unemployment; and (d) encouraging social dialogue and collective bargaining at sectoral and enterprise level, proved to be key factors in saving employment and businesses.

The abovementioned practices are broadly in line with the principles of the Global Jobs Pact (*Recovering from the Crisis: A Global Jobs Pact)* adopted by the ILO International Labour Conference, with the participation of Government, employers' and workers' delegates from all ILO member States, in June 2009. [57] The Pact emphasizes the importance of limiting or avoiding job losses and supporting enterprises in retaining their workforce, through well-considered schemes, designed and implemented through social dialogue and collective bargaining at all levels.

Two interrelated caveats should be noted at this point. First, enterprise initiatives which consist of securing employment in exchange for sacrifices (e.g., pay freezes, pay cuts) pose a risk of deflationary wage spirals with obvious negative consequences in terms of recovery. Such developments can be prevented by complementary schemes such as government driven income support measures. Second, as public deficits mount, it is unclear how long many governments will be able to resist pressures for an early exit from the stimulus measures undertaken.

Arguably, part of the answer to this question will depend on whether governments, businesses and unions at all levels will be able to function as allies sharing a common vision for global recovery, i.e., one which places employment protection and growth at the centre of macroeconomic, institutional and enterprise policy-making.

[57] ILO, 2009. For a recent ILO guide on socially responsible restructuring see, Ulrich et al, 2009.

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Kemal Özkan, Chemical and Rubber Industries Officer, International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), Geneva (Switzerland)

Anne Marie Mureau, Automobile section, International Metalworkers Federation (IMF), Geneva (Switzerland)

Claire Parfitt, Research Assistant, UNI Global Union, Nyon (Switzerland)

Udo Rehfeldt, IRES (Institut de Recherches Economiques et Sociales), Paris (France)

Bart Samyn, Deputy General Secretary, European Metalworkers' Federation (EMF), Brussels (Belgium)

(1-17 March 2010)

Mark Carley, Director, SPYRE Associates, e-mail exchange (UK)

Nick Dalton, VP HR Global Supply Chain, Unilever Supply Chain Company AG, telephone interview, Schaffhausen (Switzerland)

Youcef Ghellab, Senior Industrial and Employment Relations Specialist, ILO-DIALOGUE, e-mail exchange, Geneva, (Switzerland).

Vera Glassner, Researcher ETUI, e-mail exchange, Brussels (Belgium)

Jacques Holsbeek, DEXIA President of Group Works Council, telephone interview.

Christian Juyaux, Confédération Française Démocratique du Travail (CFDT)/Club Med, telephone interview, Paris (France)

Jacques Khellif, Vice President, Sustainable Development Department, Rhodia, telephone interview, Paris (France)

Prof. Paul Marginson, Director, Industrial Relations Research Unit, Warwick Business School, e-mail exchange, University of Warwick (UK)

Bart Samyn, Deputy Secretary General, EMF, telephone interview, Brussels (Belgium)

Prof. Dimitris Stevis et al., Department of Political Science, Colorado State University, e-mail exchange, Colorado (USA)

Jacques Khellif, Vice President, Sustainable Development Department, Rhodia, Paris (France)

Evelyne Pichot, European Commission DG Employment, Social affairs and Equal opportunities, Brussels (Belgium)

Kemal Ozkan, Chemical and Rubber Industries Officer, ICEM, telephone interview, Geneva (Switzerland)

Mélanie Schmitt, Maître de conférences, université de Strasbourg - Faculté de droit, Membre du laboratoire de droit social - Centre du droit de l'entreprise, telephone interview and e-mails exchange, Strasbourg (France)

Dr. Volker Telljohann, Researcher, EIRO, telephone interview, Bologna (Italy)

Prof. Peter Turnbull, Head of Section - Human Resource Management, Cardiff Business School, e-mail exchange Cardiff University (UK)

Dr. Christian Welz, Research manager, European Foundation for the Improvement of Living and Working Conditions, e-mail exchange, Dublin (Ireland).

Annex.

Transnational company agreements on restructuring and related issues, as of March 2010

Company	Headquarters	Main activities	Employees (approx. 2008-2009)*	Themes	Signatory parties on the employee side	Date of signature
ArcelorMittal	Luxemburg	Metal, steel	296,000	Managing and anticipating change; safeguarding employment; transitions; development of competencies; social dialogue; follow-up committees	EMF	2009
Axa	France	Finance, Insurance	112,000	Social dialogue, restructuring, avoiding redundancies, training, employability	UNI (mandated by 18 unions of 8 countries), 5 French unions	2005
					Axa EWC (Annex to the original EWC agreement)	2009
British Petrolium (BP)	UK	Oil, gas / energy production / transport	80,000	Restructuring, consultation process in order to avoid redundancies through the use of alternative options	BP EWC	2007
British Airways	UK	Air transportation	40,000	Restructuring, social dialogue, processes, cost-savings policy	BA EWC	2009
Club Mediterra-née	France	Leisure	20,000	Restructuring: Sub-contracting, mobility Turkey France	Club Med EWC	2001
				Trans-national mobility of employees between Turkey, Africa and Europe, employment conditions of migrants, seasonal work	EFFAT, IUF	2009
Daimler (-Chrysler)	Germany (USA)	Metal, automotive	273,000	Labour management collaboration on key issues facing the company at a global	Daimler Chrysler World Employee Council	2002/2007

Company	Headquarters	Main activities	Employees (approx. 2008-2009)*	Themes	Signatory parties on the employee side	Date of signature
				level, including the structure of the Group, its economic and financial situation, anticipated developments and employment situation and anticipated future trends	IMF	2002
Danone	France	Food and drink	100,000	Restructuring	Danone EWC	2001
Deutsche Bank	Germany	Finance	75,000	Restructuring: Management of change	Deutsche Bank EWC	2004
Dexia	Belgium	Finance	25,000	Social management	Dexia EWC	2002/2007
Diageo	United Kingdom	Food and drink	22,000	Restructuring	Diageo EWC	2002
EADS	Netherlands	Defence, aerospace	110,000	Restructuring	EADS EWC	2006
Ford Europe	USA (Germany)	Automotive industry	283,000	Restructuring: Spin-off Visteon	Ford Europe EWC	2000
				Restructuring: joint-venture CFT	Ford Europe EWC	2000
				Fundamental rights and CSR	Ford Europe EWC	2003
				Restructuring: Joint-venture IOS	Ford Europe EWC	2004
				Restructuring	Ford Europe EWC	2006
				Restructuring	Ford Europe EWC	2008
Generali	Italy	Finance, insurance	61,000	Social dialogue, CSR, restructuring	Generali EWC	2006
General Motors Europe	USA (Switzerland)	Automotive industry	327,000	Restructuring: Joint-ventures GM/Fiat	GM EWC, EMF	2000
				Restructuring: Luton	GM EWC	2001
				Restructuring: Olympia plan	GM EWC	2001
				Restructuring	GM EWC, EMF	2004
				Restructuring: Astra	GM EWC, EMF	2007
				Restructuring: Antwerp	GM EWC, EMF, Belgian unions	2007
Geopost	France	Logistics	19,000	Social management and employment	UNI, 3 French unions, 2 other unions	2005

Company	Headquarters	Main activities	Employees (approx. 2008-2009)*	Themes	Signatory parties on the employee side	Date of signature
Lhoist	Belgium	Materials construction	7,000	Restructuring: Subcontracting	N,A,	2002
RWE	Germany	Energy	73,000	Restructuring	RWE EWC	2007
Suez (Lyonnaise des Eaux)	France	Utilities and communication	140,000	Restructuring: Forward looking management of employment and skills	Suez EWC, ETUC, CEC, 4 French unions	2007
Schneider	France	Electric materials	88,500	Restructuring: Anticipation of change	EMF	2007
Solvay	Belgium	Chemicals, pharmaceutics	30,000	Restructuring: Subcontracting	Solvay EWC	1999
				H & S	Solvay EWC	2002
				Social management in joint ventures	Solvay EWC	2003
Thales	France	Defence	70,000	Improving workers' employability, identifying training needs, anticipating technological change	EMF	2009
Total	France	Petrochemicals and energy	95,000	Social dialogue, restructuring	EMCEF, FECCIA-CEC, FECER,	2004
				Social dialogue, restructuring	EMCEF, FECCIA-CEC, FECER,	2004
Unilever	Nether-lands/ United Kingdom	Food and drink, home and personal care	179,000	Restructuring	EWC (involved)	2001

Source: Telljohann et al. (Eurofound), 2009; European Commission, 2008; and European Commission, 2009c, adapted and extended by author.

* The figures refer to the global labour force of the companies examined. However, the majority of the above-mentioned transnational agreements cover only the European operations and labour force of the companies.