



European Economic and Social Committee

CCMI/124
EU Quality Framework for
anticipation of change and
restructuring

Brussels, 10 July 2014

OPINION

of the
European Economic and Social Committee
on the
EU Quality Framework for anticipation of change and restructuring
COM(2013) 882 final

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On 9 December 2013, the Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

EU Quality Framework for anticipation of change and restructuring
COM(2013) 882 final.

The Consultative Commission on Industrial Change (CCMI), which was responsible for preparing the Committee's work on the subject, adopted its opinion on 11 June 2014.

At its 500th plenary session, held on 9 and 10 July 2014 (meeting of 10 July), the European Economic and Social Committee adopted the following opinion by 77 votes with 2 abstentions.

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1. **Conclusions and recommendations**

- 1.1 Restructuring is an ongoing process driven by a broad range of factors which affect companies day by day. The global economy is once again going through a range of profound and disruptive technological shocks, which are on an accelerating trend.
- 1.2 In the view of the EESC, companies are at the heart of the process of restructuring, adjustment or anticipation, which calls for the involvement of staff and their representatives via the works council and/or trade unions. This is an aspect of corporate social responsibility, which the EESC strongly endorses. In many cases, and certainly in larger restructuring projects, a wider range of stakeholders is often involved, including public authorities and educational institutions.
- 1.3 The agreed consultation of representatives of workers at national and European company level must be duly respected and focus on achieving tangible results in rapidly changing circumstances. Restructuring and anticipation – if dealt within the sectoral social dialogue committees – could promote pragmatic solutions on the basis of global facts and figures and trends.
- 1.4 Engagement at EU level must start from a good understanding of the great variety of circumstances and approaches encountered. An EU quality framework for anticipation of change and restructuring, as proposed by the Commission, could certainly be helpful¹.

¹ EC Communication EU Quality Framework, page 15 *et seq.*

- 1.5 Restructuring and anticipation call for tailor-made solutions in companies and regions; however, as there are many transversal aspects, an EU incentive towards broader partnerships with academics, research institutions, local, regional, and national authorities and regionally based education and training institutions is most welcome. The same goes for the dissemination of good practices. In the same vein, sector councils on employment and skills may be very useful.
- 1.6 Global technology and value chains mean that anticipating change is a very complicated process. Current smart and tailor-made specialisation once more underlines the need for company-specific approaches and solutions.
- 1.7 In more general terms, future themes and trends such as "greening" and (EU) key technologies should be in the foreground. These themes and trends should also be discussed among the social partners and taken on board in national and regional school and training programmes.
- 1.8 The state, social partners, and companies must take shared co-responsibility towards vulnerable groups, not least towards the older generation and low-skilled people via social measures which are already in place in a number of Member States.

Common analyses and joint diagnoses result in specific responsibilities for each of the stakeholders. This is already common practice in a number of countries, but currently less well developed in certain other Member States.

- 1.9 The European Commission can support the development of a common spirit across the Union, by facilitating partnerships between the various stakeholders. It can help to put the right conditions in place by making proper use of European Funds in specific cases. The Commission should emphasise arrangements concerning social dialogue at national and sectoral level as part of the EU Agenda for restructuring and anticipation.
- 1.10 The EESC agrees with the introduction of the EU Quality Framework as proposed by the Commission on a voluntary basis. It would note, however, that in the future a legal basis for specific framework conditions concerning worker participation may be desirable, without interfering in national competences.
- 1.11 Interested parties and the Commission should continue to draw full benefit from EU agencies like Eurofound and CEDEFOP in using reliable up-to-date analyses and data. In specific cases, where it is appropriate, the EESC can also be involved in these processes.

2. **Restructuring and anticipation: context and actions**

- 2.1 In July 2012 the EESC adopted an opinion contributing to the Commission's public consultation on company restructuring and anticipation of change². Many of the observations and recommendations in that opinion are equally relevant to the recently issued communication on an EU Quality Framework for anticipation of change and restructuring³.
- 2.2 Restructuring is an ongoing process that depends on a broad range of factors which affect companies day by day. The dynamics of "creative destruction" generate unexpected opportunities, but it is also clear that the crisis and low growth rates, the increasing dependency of national economic performance on global markets, and the increasingly complicated relationships between companies and their suppliers and clients, are putting many businesses – and their staff – under severe pressure. It is crucial to maintain a critical mass of industry anyway.
- 2.3 The European economy is, in line with global developments, catching up with new technological and innovative waves. These will deeply affect the way economic and social players will organise themselves to foster resilience and ensure continuity.
- 2.4 Internationalisation, fragmentation of product chains, the blurring of boundaries between sectors, the increasing significance of (transversal) technologies, automation and robotisation, and now digitisation, generation of tailor-made approaches and solutions and, most of all, the generally accepted view that a large percentage of the products and services available today will be replaced by ranges of new products and services within even the foreseeable future, are all good examples of the current situation of continuous industrial change⁴.
- 2.5 Renewal and adjustment test existing views and practices day by day. Not only technology, but first and foremost human creativity, are continuously required from many, if not all, people, whatever their position.
- 2.6 The EESC has analysed current trends in a number of opinions on specific sectors and processes. Last year it adopted an overall view on desirable policies and points of focus in response to the Commission communication on industrial policy⁵. In this overarching view, a number of fields which are closely linked – and certainly the goal of revitalising industry –

² EESC no 1591-2012_ac_en.doc, CCMI/102, comments on the Commission Green Paper on Restructuring and Anticipation, 2012.

³ Commission communication of 13 December 2013.

⁴ One good illustration of current pioneering new developments is the German report *Recommendations for implementing the strategic initiative INDUSTRIE 4.0*, issued by the Forschungsunion and the National Academy of Science and Engineering, and sponsored by the Federal Ministry of Education and Research, April 2013 (4.0 refers to the fourth industrial revolution).

⁵ EESC no 1094-2013_00_00_tra_ac_en.doc, CCMI/108., comments to the EC Communication on Industrial policy, 2013.

involve heavily promoting technology and innovation, upgrading skills across the board, and also raising awareness within industry of the potential offered by new services.

- 2.7 In its 2012 opinion, it also argues that a resilient business sector requires both leadership and broad support from the personnel at all levels of the company as well as from society at large. In many companies employees are participating successfully in change processes. Consensual contexts usually pay off.
- 2.8 Restructuring processes are varied and complicated. As the opinion argues, in addition to the distinction between restructuring and anticipation, substantial differences can be identified between small, medium-sized and large companies, between sectors (which are affected in different ways by new waves of changes and technology), between regions (densely populated and others), between the degree of maturity of the economic context in countries, and between national cultures.
- 2.9 Further complexity comes from major changes in labour markets which are partly a consequence of the fallout from the financial and economic crisis and partly a consequence of the new industrial cycle. Existing systems of collective and social partnership must be maintained and strengthened, where applicable.
- 2.10 Amidst this turbulence and the broad diversified spectrum in Europe, the EESC highlights its basic assumption "that companies constitute, by definition, the key players in strategies for adapting the units operating on markets, and are therefore at the heart of any restructuring process"⁶.
- 2.11 Of course, companies have to restructure, adjust or anticipate for the future within a certain environment. That means that, in addition to their internal procedures and practices, a number of other stakeholders play a role. Exactly how they do so depends on the kind of change the companies are facing, which may be adjustment of internal organisation or a response to changing market circumstances, or both.
- 2.12 The primary group of interested people are the company's own employees. Well-organised processes ensure the involvement of the staff and their representatives via the works council and/or trade unions. It is very promising that, according to the responses to the Commission's questionnaire⁷, the respondents reacted overwhelmingly in the same way. The EESC advocates trustful dialogues – which in a number of countries are legally established – between management and staff representatives, accompanying the management of change and successful anticipation⁸.

⁶ EESC opinion, CCMI/102, pt. 1.

⁷ Summary of consultation responses to the Green Paper (footnote 1).

⁸ See EESC opinion SOC/470, plus the English title of the opinion.

- 2.13 Because companies depend on a variety of qualifications among their staff, the specific qualifications required in increasingly refined value chains must be guaranteed by life-long learning programmes for all. This is in the interest both of the companies and of their employees.
- 2.14 The EESC notes that there is broad agreement with its position that education and training should be a part of day-to-day life in companies, although there are different approaches between (very) small non-specialised companies and bigger companies.
- 2.15 In parallel, a radically changing picture of labour markets has also to be taken into account. A growing percentage of mostly younger people are preparing for broad-based careers in technical or other professions, aiming to be sufficiently flexible to change jobs by themselves, be it within the same (large) company or in various companies and sectors. This depends on two factors: demand and supply on the labour market, and the individual's own skills. While well-educated and qualified employees can use restructuring as an opportunity, lower qualified and older employees need special support from the state and companies.
- 2.16 During the crisis and in the case of large restructuring projects, for instance those concerning regionally based obsolete production capacities, all stakeholders are bound to shoulder their respective responsibilities, first in focusing on viable economic planning for the future and, simultaneously, in improving, as much as possible, the conditions for the workforce in a new environment.
- 2.17 In addition to companies and trade unions, the most important stakeholders in catching up social consequences are regional and local authorities. In large restructuring processes the national government should also be committed. Practical experience, however, proves that in most cases the regional context and community is paramount, as the EESC also argued in its response to the Green Paper. There are a number of regions which have successfully undergone a profound transformation. Regions that postpone inescapable restructuring, usually suffer from serious problems just as companies do. Successful national and European examples should be highlighted.
- 2.18 In its opinion of 2012 the EESC identifies various ways and means to prepare for anticipation, acknowledging that future developments are currently difficult to predict. Generally, exponential forecasts have proven wrong. Nonetheless, joint efforts by academics and sectorial organisations can be of decisive help. This is increasingly common practice in manufacturing industry. In the services sector the exercise is still more difficult and not (yet) mature. A pro-active attitude of business associations as well as other public and private interested parties is needed to inform SMEs about probable developments.
- 2.19 The paradox is that market dynamics call for anticipation, but such anticipation is hampered by a largely unpredictable future. In the view of the EESC this paradox calls for optimal

conditions that make adjustments to probable changes socially acceptable. The main responsibility to design the future falls on the parties most directly concerned, which are management and personnel, represented by works councils/trade unions. In a wider context it is a matter for social partners at various levels, governments, and supportive services such as academics, consultancies, governmental and EU agencies, NGOs as well as the EESC, among others through its Consultative Commission on Industrial Change.

- 2.20 With regard to entering and re-entering the labour market there are in particular two groups that need special attention: young people, and the older generation who are faced with considerable difficulties in adapting. There are no fast solutions to solve deep-rooted problems regarding matching supply and demand. The adaptability of economies is closely related to their current patterns and output, the variety of the economic structures, and varying cultures of countries and regions. It is generally accepted, as the EESC has also repeatedly argued, that up-to-date education is at the basis of any solution for the future. It should be the basis for sufficiently flexible skills enabling youngsters to prepare for more than one profession. Over the last few years the development of an entrepreneurial spirit in education curricula has risen as a priority. Business must also play a role in the adjustment of education, and invest in lifelong learning. In a number of countries business people actively take part in education programmes.
- 2.21 As the EESC has extensively argued before, the EU, including the EESC, can certainly be of help in these processes. It points to:
- the support of European agencies like CEDEFOP, Eurofound and others in disseminating data and analyses;
 - the support of the Commission, DG Employment in particular, in discussing good practices across Europe in publications as well as in targeted Conferences, notably in the framework of social dialogues, and in disseminating its own analyses and proposals for practices, prepared by European academics and experts;
 - focused projects of European Funds: Cohesion and Regional Fund, ESF.
- 2.22 In restructuring and anticipation the European context is also very desirable as a basis for the development of a common spirit and shared responsibility across Europe, to promote convergence with successful levels of approaches which currently vary widely from country to country, as do outputs. Common and shared experiences may foster better results for companies, for the employees and for the regions.
- 2.23 A special case in point may also be labour mobility in Europe, which raises concerns, but can equally contribute positively to filling existing vacancies in the industry and to compensating for shortages of unskilled and skilled workers⁹. Long-term negative effects of migration for

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See CCMI/079 nr 1175-2011_ac_en.doc.

states, regions, and workers must be taken into consideration. A brain drain or migration of qualified people may be damaging for future development. Progressive labour mobility calls for a consistent European regional and social policy to reduce undesirable risks.

- 2.24 The EU Sector Councils on Employment and Skills, the European Restructuring Forum and observatories as well as Eurofound's studies may be very helpful in facilitating the sharing of good practices across Europe.

3. **Proposal for an EU Quality Framework**

- 3.1 In the view of the EESC the proposals in the EC Communication¹⁰ must start from an understanding of the great variety of circumstances and approaches encountered, as well as from the premises set out above. It is a useful guide for all stakeholders at the levels where each one bears responsibility, and should be used on a case-by-case basis. It is very useful to discuss such diagrams at EU level in order to facilitate a process of sharing perspectives across the Union.
- 3.2 The EESC agrees with proposals that emphasise ongoing examination of (often subtle) changes and transitions concerning demand and supply on the labour market, and of the desirable competences. This is already common practice in many companies and a continuous point of attention for management and personnel. In cross-border companies and corporations it must be discussed jointly between management and European works councils¹¹. Current practice, however, is not satisfactory. Timely consultation of workers' representatives in cross-border restructuring must be duly guaranteed. Information to and consultation of SMEs must be guaranteed.
- 3.3 Given the strategic significance of current dynamics and upcoming changes in production systems, for instance by means of robotics, digitisation, nanotechnology and 3D printing, existing practices must be further fine-tuned and deepened, which is in the interest of both companies and their personnel. The same goes for the concrete proposals on measures targeting individual employees.
- 3.4 Most companies have tailor-made approaches, but there are many transversal aspects which are illustrative for the current industrial revolution. Therefore broader partnerships are most welcome, as argued above, with academics, research institutions, political authorities and regionally based education and training institutions. In spite of successful practices of business associations and networks of SMEs in restructuring, SMEs are usually not able to organise sophisticated approaches or training facilities. They must be given the opportunity to benefit from targeted national and regional set-ups and support from outside.

¹⁰ EC Communication EU Quality Framework, page 15 and following.

¹¹ (Directive 2001/23/EC).

- 3.5 The EESC sets great store by the dissemination of good practices. A number of regions across Europe are managing to organise this preparation for the future astonishingly well, to the benefit of their population and the resilience of the economy. The EU, including the EESC, can be more supportive in this field.
- 3.6 Sector Councils on Employment and Skills at EU level can equally be of great help. They can also function as platforms for meetings between directly involved stakeholders. The EESC foresees at least three tasks for these Councils: information on needs in terms of education, exchanges of forecasts on future trends/challenges, and information on reasons that have led to the need for restructuring. All this would be beneficial for a continuing exchange of views as well as profitable for convergence to the top. European agencies should also benefit from operational and pragmatic conclusions of these Councils.
- 3.7 Common analyses and joint diagnoses result in specific responsibilities for each of the stakeholders at various levels, as argued extensively in Chapter 2. This is an ongoing process which is already common practice in a number of Member States, but currently less well developed in certain other Member States. Economies where such practices are well applied generally do better than those which in this respect are lagging behind. As said, consensual systems pay off.
- 3.8 In restructuring the EU can promote satisfactory coordination between the stakeholders involved by fostering effective procedures and processes in companies and regions via financial support from EU funds, where applicable.
- 3.9 The Annex rightly underlines the role of the individual employee. When the right conditions and facilities are in place, it is up to the individual employee to choose his/her most appropriate approach. Here again, a broad spectrum of individual choices can be identified, from improving skills on the spot to widening competences, and even to taking a new direction. The one-job-for-life practice is progressively being replaced by flexible careers either within (big) companies or in a wider context.
- 3.10 All stakeholders should take such fundamental shifts into due consideration, paying special attention to vulnerable groups. In various Member States social partners and the state have over the years developed targeted programmes. The EESC points, amongst others, to:
- the Danish labour market model known as flexicurity. After initial problems and criticism a reasonable balance has been struck between costs and output of this model, which combines a flexible labour market and a social welfare state¹², including, amongst other

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See Anticipating and Managing restructuring - Denmark, International Training Centre ILO, December 2009.

things, intensified surveillance of the labour market, work-sharing agreements, job rotation arrangements, innovation incubators, and a vocational training system;

- the German system of dual learning which includes involvement from companies and a pro-active policy of learning and practical apprenticeships;
- a programme as the Swedish programme "Knowledge Lift" intended in the past to increase the skill level of low-skilled adult workers to the medium skill level, targeted at people aged 25-55 years old.

3.11 There are more examples. Some of these systems are out of date, others still work well, illustrating how state involvement and engagement of the social partners provide common instruments in response to current dynamics. Others, however, are discontinued since some time. The Commission should, by disseminating systematically good practices, encourage national social partners and authorities in all Member States to identify pragmatic and useful tools.

3.12 The EESC very much supports the fact that the Commission – in line with the standing views of the EESC as expressed in a number of opinions, and also in its reaction to the Green Paper¹³ – has included an active role for national and regional authorities in anticipation and restructuring processes, on an equal level with companies, employees, and social partners. Their much needed cooperation and co-responsibility is often underestimated. The points of attention presented by the Commission underline the significance of their involvement¹⁴.

3.13 Various layers of government have their own responsibilities. In most countries national administrations are in charge of (legal) framework conditions, while regional authorities can do a lot in organising facilities and in creating a common spirit as can be concluded from a large number of concrete cases. This means that the quality of national and regional administrations is often a decisive factor in the success or failure of such operations. They should be involved in case studies on anticipation and restructuring and on successful practices.

3.14 The European Commission is taking the lead in the organisation of discussions at EU level and in disseminating practices. It can support the development of a common spirit across the Union. It can help to put conditions in place for making good use of European funds. It has also a role in promoting the Social Dialogue on anticipating and restructuring in particular at sectoral level.

13 See footnote 1.

14 See page 19.

- 3.15 Collection of data regarding restructuring operations – including their economic and social impact – should be made easier, and should lead to analyses. Effective coordination between Agencies like Eurofound and CEDEFOP, the Commission, and interested parties must continuously be guaranteed.

Brussels, 10 July 2014.

The President
of the
European Economic and Social Committee

Henri Malosse
