Introduction

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More than ever at the beginning of the new century, restructuring processes, the fears they inspire and the changes they trigger, are at the top of the European agenda. Europe has a long lasting tradition of absorbing and cushioning the harmful social effects of restructuring. One may recall here the founding experience of the European Community of Coal and Steel in the 1950s, which greatly helped these sectors and their workers to cope with plant closure, reconversion and redeployment. Compared to the rest of the world, Europe often does more (Auer, Besse and Méda (eds) 2005). This can be attributed to its long lasting and well implanted “social model” (in its quite different manifestations) and also to a tradition of active intervention by the State or the local authorities in a context of limited labour mobility. One often implicit but persistent choice made by policymakers in Europe has been, and still is, not to abandon depressed areas when firms leave them, but to re-develop territories and help regions doing it. This choice is congruent with the strong propensity of many European workers to stay in their region of origin even if companies and job opportunities leave.

These are at least four reasons for dissatisfaction with this situation.

First, even when cushioned, the ruptures associated with plant closure and mass dismissals remain amongst the most brutal one can experience. Like divorce or a major health problem, they have significant impacts upon the lives of the workers affected. Some workers are able to seize the opportunity for a change in their lives, sometimes improving their situations. Others, less favoured, less skilled and less adaptable, are very often caught in a real trap, and may endure severe loss of income, prolonged unemployment, and even poverty and exclusion. We live in an era of mature welfare states and social protection systems, and a new generation of rights has emerged: they are connected to career management, building competencies, coaching, and reconciling work and family life. Their emergence underlines a collective policy failure: the fact that in our rich and civilized world, we are still not able to reconcile necessary economic change with basic security for the common man or woman.

A second reason is more directly related to the European Union, and its present state and orientation. Restructuring remains associated with fear and a feeling of injustice, and the Union is less (or even no longer) seen as a protection against its consequences. The “globalisation” process on one hand, and the evolution of European construction on the other, seem to converge in the mere connection of markets and the ascendancy of mobile capital over immobile labour. The single currency together with a very small European budget and the enlargement of 2004, give the impression that Europe, first and foremost, is about a “mini-globalisation” of itself, placing its workers in direct and ill-regulated competition. The reasons for the “no” vote to the constitutional treaty project in 2005 in France and the Netherlands may have many causes, but one of them is the shared feeling, not only amongst the working classes, that Europe is a threat to employment security rather than a solution.

The third reason is something of a paradox. Sometimes, or in some countries, the most protected workers are the most worried. The range of financial and institutional means devoted to the management of the social consequences of restructuring often seems impressive. Employment protection legislation as well as public employment services may provide guarantees to the threatened workers, and offer increasingly preventative and tailor-made treatments. Policymakers, union representatives, social workers, militants, even charismatic leaders and many other contributors interact, and their activity is made visible by newspapers and the TV. Yet this collection of arrangements and actions appears not to be reassuring. We shall have many opportunities in this book to observe that the causes and consequences of restructuring are obscure and foster fears. But another answer to this paradox could be that, despite the rhetoric of action prevalent in Europe, most of the protective measures remain more defensive than offensive, let alone effective.

The last reason is as simple as it is compelling. It is now accepted that restructuring is becoming a permanent process (Tronti and Carabelli (eds) 1999). Even profitable firms consider cutting jobs, reorganizing production, “externalising” and offshoring as daily options, rather than as exceptional decisions. As a consequence, it is no longer possible to deal with it on an ad hoc basis, and enduring responses are needed in the face of a permanent challenge.

The traditional responses are well known, and some of them remain very important, such as early retirement. Yet, their limitations are increasingly evident. Early retirement remains widely practised and it does not deserve to come under attack, but one is left with the feeling that it is only a stopgap solution. In a context where the employability of senior workers (especially low-skilled workers) is under pressure, early retirement, which facilitates

irreversible withdrawal from the labour market, is an expensive option. Yet, for over-exploited and worn out workers, it represents a legitimate compensation for their service, maybe the only reward they have ever received from society. It is then a social measure, not an economic one. Cost and the financing of pension considerations are the main direct arguments against generalised early retirement. Yet it has the long term drawback of weakening the employability of older workers, since firms become accustomed to the idea that there are available funds (the state and employment insurance in France, pension funds in the UK and Germany) to move low-skilled senior employees into more or less forced and subsidized leisure. It may foster a culture in which labour is intensified, with younger workers accepting more pressure at work, poor working conditions and receiving little training in the context of a shortened working life. These secondary effects are pervasive and largely negative.

The question becomes: is it possible to imagine and implement, beyond early retirement and the traditional ad hoc approaches, a permanent set of institutions and policies adapted to the new challenges of permanent restructuring? And do recent experiences illustrate innovation? This was the starting point of the Monitoring Innovative Restructuring in Europe (MIRE) project from which this book has been written. During the last ten years, those actors affected have devised and attempted many responses in Europe and elsewhere. It seems natural and useful to take stock of them, and to try to generalise. MIRE was a bottom-up project which aimed to capitalise on innovations improving management of the restructuring process. To achieve its objective, the project organized two kinds of activities: studies (mainly but not only case studies) and exchanges between actors. Studies,¹ carried out by researchers in five countries (Belgium, Germany, France, Sweden and the UK), have made it possible firstly to analyse national restructuring mechanisms, secondly to create comparative tools to analyse them and, thirdly, to identify those processes selected for their innovative content. Actor workshops brought together company and union representatives, consultants from public or private bodies in charge of organizing occupational transitions, representatives from territorial bodies, and researchers. There were case-study based meetings, lasting one to one-and-a-half days, dedicated to exchanges on restructuring and innovations, allowing the project to benefit from the knowledge of highly experienced actors. Altogether 28 workshops were held: twelve national multi-actor workshops, eleven international multi-actor workshops, four international single-actor workshops and one tripartite European workshop. This work led to seven transversal syntheses and the development of written recommendations.

There were two important obstacles to the research process and these should be immediately identified and briefly discussed before giving more

details about the overall approach. The first concerns the focus on the comparison of restructuring processes, from either a wide or narrow perspective. The second is the difficulty of comparing different national and local situations.

Choice of focus

Almost any research starts with the problem of definition, and the MIRE research is no exception. Much debate concerned the object of inquiry. On the one hand there was a common, but rather narrow view, of restructuring as a limited and spectacular event, beginning with the announcement of collective dismissals and ending with “solutions” found for or by workers, either another job, prolonged unemployment, or a withdrawal from the labour market. On the other hand, restructuring is a permanent process of change, conceptualised by Joseph Schumpeter as “creative destruction”, combining job creation and job destruction, comprising changes in work processes, plant location, firm structure and so on. While the first perception has the disadvantage of ignoring the reasons for the announced job cuts (and possible interventions), the complexity of the second makes it intractable. It quickly became clear that the most useful focus is somewhere between these two perceptions: the whole chain of determinants and consequences should be considered, even if the central stages remain the classical steps moving/going from notification to replacement efforts. The discussions added a more specific conclusion: restructuring being a highly interactive process, an enlarged view was needed, including the analyses and possible intervention of many stakeholders and actors.

Partially dictated by necessity, another choice had to be made regarding the focus of analysis. Logically, the emphasis on dynamic aspects of restructuring suggests taking the firms’ trajectories and workers’ trajectories as the units of observation and of evaluation. Thus productivity, profitability and socially responsible behaviour on one hand, and incomes, skills and controlled career changes on the other. However, with the possible exception of Sweden, where some studies and data exist, this quite natural approach was beyond the reach of most of the researchers engaged into the project. It should be recalled that, in contrast to the USA, Europe only recently began to develop longitudinal data on restructuring such as individual panel data. While the fate of “displaced workers” has been explored in some detail by American researchers, Europe seems to illustrate once again the “Wilensky paradox” (Wilensky 1985). This author showed that the more resources a country devotes to labour market policies, the less it gives to evaluating these policies.² This situation is progressively improving, notably through the efforts of the Dublin foundation (Storrie 2006).

The MIRE research project was not, however, to develop longitudinal data and our focus remained on processes and the actors' perceptions and assessments. The originality and possible relevance of the approach lies in this focus. Beyond discussion of the case studies the workshops were the places where various experiences could be shared. As a consequence, the lack of systematic longitudinal evaluation is partly compensated by a bottom-up assessment of what works and what does not work in specified contexts, and the fate of the workers affected was often at least partially known, by the actors from the case studies themselves. Particular attention has been paid to health questions which proved to be of crucial importance: a specialized team of the MIRE group dealt with the topic.

Methodologically speaking, two facts must be highlighted. First restructuring is not a subject which is easy to talk about and work on. Researchers are often denied access to information deemed as sensitive by actors who are reluctant to reflect upon painful events. It has nevertheless been possible to engage actors in the framework of a project dedicated to capitalising upon innovation. Second, organising debates between researchers and experienced actors on restructuring has proved to be a very effective method, especially when the actors were those involved in the case studies under review.

Difficulty of comparison

Restructuring may hit similar types of firms and workers, but it does so in quite different legal and market environments. Even though the MIRE project was limited to the experiences of a few "old" European countries over the past ten years, the comparisons had to deal with quite different and even conflicting macro-economic situations and prospects. More specifically, in our sample and during the period under review, the UK and Sweden maintained relatively low unemployment rates, while Belgium, France and Germany experienced high levels of unemployment, offering bleaker prospects to displaced workers. The local conditions may vary even more, notably depending upon sectoral developments and on the diversity and resilience of the economic fabric. This makes it difficult to disentangle the causal factors when one tries to analyse and assess the different institutional settings and policy measures aimed at helping workers affected by restructuring.

The challenge is indeed a classic one in social science. It is here compounded by the variety of ways in which labour markets function in the countries studied. Seen from the outside, many contextual findings indicate the presence of a quite homogeneous "social model" in Europe, with well developed social protection and an enduring tradition of social dialogue. However, one key result of well-established research on this topic is the

persistence of different adjustment regimes inside Europe. The challenge goes beyond identifying contexts and performances of the considered arrangements: it stresses that there may be no one best way. Partially similar, but at the same time, quite different devices and arrangements coexist and may complicate the analysis.

While this book presents some methodological contributions on this point (see notably chapters 1 to 3 in the first part), it should be emphasised that the response has been, once again, a pragmatic one. Researchers devoted a part of their activity to a precise description of national situations, institutions and common practices regarding restructuring. Armed with these analyses, they then devoted their energies to the “transversal issues”, as discussed in the workshops, in order to identify and compare common challenges and responses in terms of the actors involved and the tools utilised.

The overall perception/assessment is mixed: on the one hand most restructuring processes remain ill managed, with defensive attitudes and ill-coordinated interventions from a host of independent actors with divergent interests. On the other hand, numerous innovations were described in the case studies, and identified as such by actors. The book tries to analyse both sides of the coin, hoping that such an appraisal might help people engaged in such processes.

Structure of the Book

The **first part of the book** is devoted to the general analysis of restructuring processes as they have developed in Europe from the beginning of the century. Chapter 1, by Bernard Gazier, sets the scene and addresses the interrelated questions of international comparison and the types of innovation one may expect in this domain. It insists on the variety of institutional settings and “labour market adjustment regimes” in the five countries under review, and provides a general framework allowing for the identification of the range of possible adjustment variables. Within this framework, different kinds of innovation can be distinguished and discussed.

In chapter 2, Dominique Paucard offers a systematic and expanded analysis of the restructuring process. He considers the initial decision and its determinants, as well as state intervention and the arrival of other actors such as regions. In his perspective, he highlights the sequence of choices to manage change which takes place in different informational environments, leading a given organization from one world (before) to another (after). Finally, the emphasis on uncertainty and change leads him to sketch a generalised risk management approach, with preventative and curative aspects.

In chapter 3, Frédéric Bruggeman addresses the chronological dimension of restructuring policies implemented by firms, unions and other actors. He presents, as a stylised fact, three successive “innovation waves” since the 1970s in Europe. In this dynamic perspective, he is able to illustrate and interpret many changes, reflecting important differences across countries. He identifies a cumulative process, which is more the accumulation of the tools and practices experienced in each “wave” than the selection of the best suited combination. He ends by discussing the ways in which a real learning process could be developed.

The **second part**, chapters 4 to 8, is devoted to short national overviews dealing with our five countries: Belgium, France, Germany, Sweden and the United Kingdom. These overviews are as homogeneous as possible, with a similar structure identifying similarities as well as differences. Of course, the labour market performances are quite diverse in these “old” European countries. However the problems encountered are quite similar in many sectors and many responses are comparable despite different names and devices. Much attention has been given to the legal aspects, where important commonalities and striking differences have been observed. For example, the “social plan” as a formalised agreement on a “package” of measures (size of the dismissed group, modalities of selection of the dismissed workers, redundancy payments and replacement measures) does not exist in the UK or in Sweden. It can take many different forms. In Germany, it is an agreement signed by social partners. In France, under the name “Plan de Sauvegarde de l’Emploi”, it is a document elaborated by the firm and presented to the work council for consultation, under the watchful eye of the local ministry of labour which may reject it and demand improvements. Other legal settings are much more similar and sometimes almost identical, for example the existence of thresholds based upon employee numbers governing notification obligations. All in all, each national experience illustrates, in different institutional contexts, the various ways in which the consequences of large-scale industrial change and massive job cuts can be dealt with. Within an evolutionary perspective, one might say that path dependency and partial learning coexist, but many developments are only partially controlled, and there are still many loopholes in information provision as well as in protection.

In the **third part**, each of the seven chapters deals with a transversal topic, based upon the information and discussions gathered in the MIRE studies and workshops. Chapter 9, written by Ola Bergström and Andreas Diedrich, is devoted to the first players in the restructuring game: organisations and their human resources management. The authors chose a systematic “learning” approach and applied it to each stage of the restructuring process. Their focus is simultaneously the observed behaviour of

companies, and the various good practices which have emerged. In accordance with the overall perspective of different national “restructuring regimes”, they found various innovations and experiments in each country, taking place in different sequences, with different priorities. These include early notification, negotiation with workers’ representatives, and the organisation of various services. This chapter also discusses the possibility of “strategic” (opportunistic) behaviour, firms taking advantage, in their own interest, of some public measures and funding.

Chapter 10, by Sian Moore, Greg Thomson and Geof Luton, considers the role of the trade unions and of the workers they organise and represent. They identify and carefully discuss a basic ambiguity in the unions’ stance. Unions may impede restructuring or facilitate it. While the MIRE research has been devised to select and analyse mainly collaborative practices, this ambiguity remains critical and so the observed choices lie somewhere between these poles. National experiences vary again, with, for example, unions actively involved in the selection of dismissed workers in Sweden, and reluctant to take any responsibility in France. Strategies to circumvent unions may marginalise them, while the procedures may, conversely, strengthen their presence and legitimacy, especially when new fields for negotiation appear.

Chapter 11, by Matthias Knuth, is devoted to the organisation of “transitions” for displaced workers. He first establishes the need for special devices and means dealing with the re-employment of these workers. He goes on to identify “job transition regimes”, with the same basic components in each country: the protection and representation of the workers and various “job transition” supports. He then critically assesses the national experiences, demonstrating a sharp contrast between countries characterised by a strong public involvement in job transitions (the “continental” ones) and countries where the process is left, either to market forces and the goodwill of big firms (the UK) or to the negotiation and intervention of social partners (Sweden). He then considers some recommendations, adapted to each country, and discusses the possibility of developing a European “transition status”.

Chapter 12, authored by Rachel Beaujolin-Bellet, is devoted to territories. While restructuring always has visible and sometimes spectacular consequences on the local social and economic fabric, the emergence of territories as key actors in the process itself is an important and recent trend identified in the MIRE research. The risk of a sudden worsening of local situations leads more and more to multi-actor mobilization, and to “territorial action plans”, often elaborated by municipalities or regions. These plans include economic (re)development projects and initiatives aimed at managing local professional transitions. The chapter highlights the coordination problems

arising from these complex arrangements. These are resolved when the necessary networks and platforms already exist and only need to be reactivated.

Chapter 13, written by Gélica Dalon and François Pichault, explores the ways of ensuring some mutualisation of the workforce. In the context of “networking”, some initiatives have appeared allowing employers unable to sustain full-time permanent employment to offer more stable employment to workers through “employers groups”. This idea, implemented in various legal modes, may constitute a way of creating full-time jobs from several part-time tasks. Such devices could prove useful in some restructuring cases; however existing examples (identified in the MIRE research) remain rare, with the exception of France. Success depends on hard to generalise conditions, such as an existing tradition of cooperation amongst employers, or a strong leadership.

Chapter 14, by Debora Jeske and Thomas Kieselbach, focuses on an important and widely neglected issue: the health dimension of restructuring. The physical and mental health of both “victims” and “survivors” (the employees who stay in their jobs) are strongly affected by the shock of mass dismissals and organisational change. The increasing pressure and insecurity may either create health problems or reveal previous weaknesses. The chapter examines health promotion and rehabilitation initiatives, which may include a host of services involving physicians or therapists. It identifies many innovations in this field, amongst them “online stress tools” and health observatories. The end of the chapter presents detailed recommendations, and argues for a systematic and integrated approach to health problems in restructuring, especially covering SMEs and under-represented workers.

Chapter 15, by Claude Emmanuel Triomphe, introduces in a systematic and synthetic manner the European dimension. Most of the institutions and initiatives considered in the MIRE research depend largely on national or local arrangements. However, the chapter starts by recalling that coping with restructuring was a founding idea for Europe. It then assesses the set of European directives which regulate the most critical aspects of restructuring. Enlarging the picture, the author considers the general orientation of the European construction, and shows its dual nature. On the one hand, the EU fosters social dialogue and develops measures protecting employment or helping the unemployed. On the other, it enhances competition and opens the frontiers of member states. This leads to a critical assessment of recent advances, for example the European Globalisation Fund of 2006. The chapter ends with a series of proposals: enriching the social agenda, developing specific indicators in the European Employment Strategy, and proposing the creation of a specific European mediation agency dealing with Europe-induced restructurings.

A conclusion by the editors follows.

NOTES

1. See national studies on www.mire-restructuring.eu
2. The paradox is explained by a combination of statistical delay and of unequal policy development. Europe is still lagging behind the USA regarding (expensive) longitudinal datasets. But, conversely, as a whole, European labour market policies are much more developed than in the USA. In that country, it is quite easy to evaluate a separate small scale programme by comparing its outcomes to a counterfactual evolution (comparable groups not benefiting from the studied policy). In Europe, intertwined and encompassing policy interventions make it difficult to find counterfactual situations and to disentangle the contribution of one specific programme.

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