



# AgirE

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**Presentation of some results of AgirE  
around the questions between Corporate Restructurings in Europe  
and Multilevel Gouvernance**

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**Power point created in collaboration with Jean Jacques Paris, Groupe Alpha**



# The axes of construction of the Project



# Anticipating for innovative management of restructurings in Europe

The AgirE Project was built around the need to develop analyses and instruments that make it possible to set up real forward-looking planning for restructurings, which involves working on the terms of anticipation

In a context that is marked by:

- A paradigm shift: *globalisation*
- Development of new forms of *international division of labour*
- A *dynamic* of *enlargement* of the European Union
- *Complex* and *permanent* restructurings

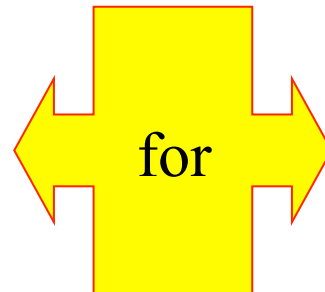
## The Objectives of the AgirE Project

- 1) To create a *typology for restructurings*
- 2) To strengthen the *capacity of players* to anticipate and manage restructurings
- 3) To encourage *new regulatory methods* in the community

Major themes of the final report: dynamics among the players that lead to innovation for anticipation and change management that affects the company and the region

**Keywords: Anticipation and Innovation**

*a player-centred approach*



*building a European partnership*



## Raw materials for the research: case studies conducted in 2006

ABN AMRO

Alcan

Alcatel

Arcelor

Azucarera

B\* (Cables – NICT)

Celestica

Dexia

Dinosol

EA\* (automobile equipment maker)

Fehrer

FIAT Mirafiori

Finger Pelz

F\* (IT sector)

General Electrics

GISI

IBM

Lejaby

Novelis

RKL

SABAF

St Microelectronics

Ugine

Thomson Video Glass

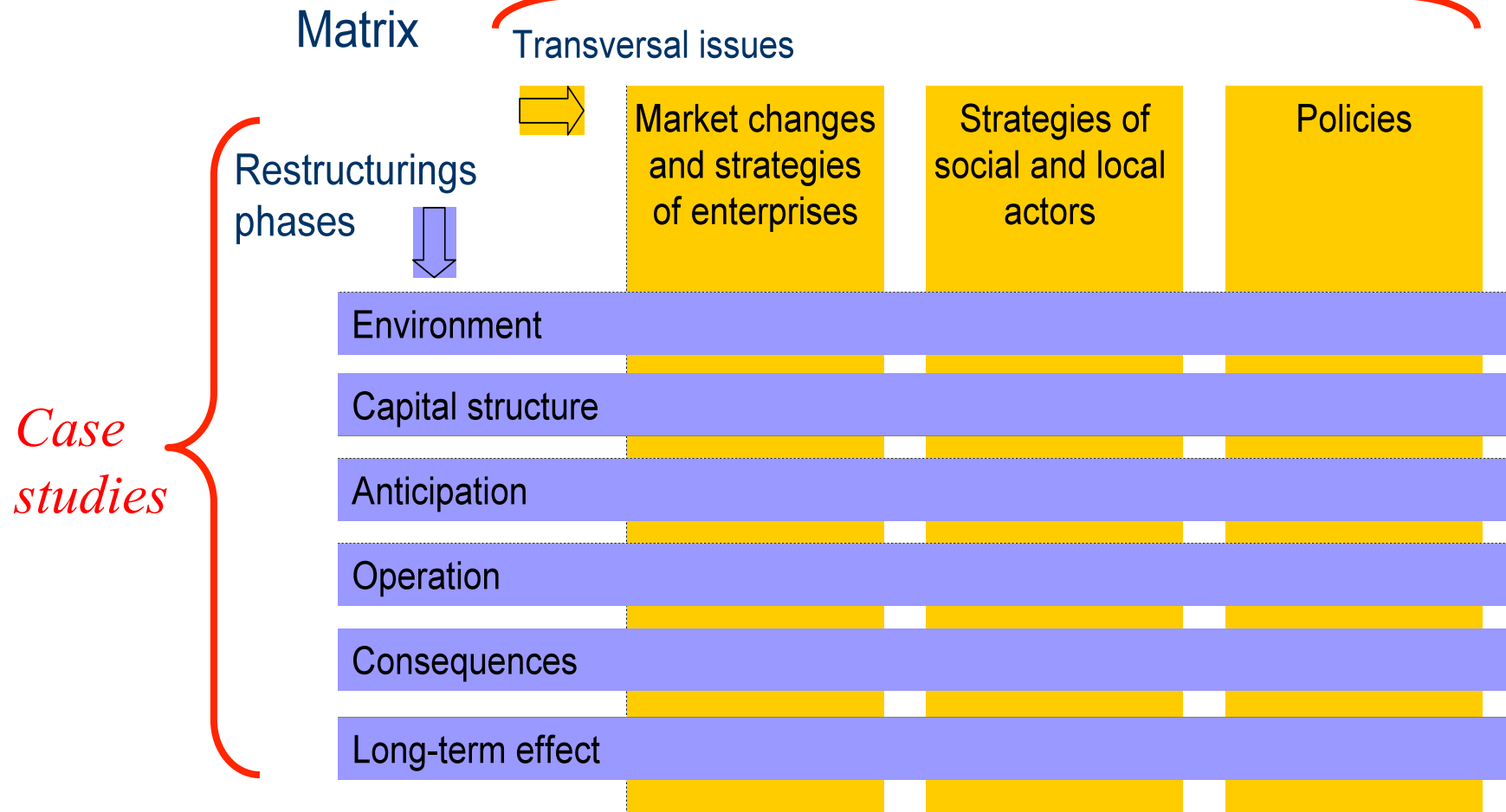
V\* (telecom providers)

Zwickau

\* = name of case made anonymous

# Cross-Referencing

*Seminar topics*



María Esther Blas López



## The characteristics of an efficient anticipation : The « 3M Rule »



## change management and corporate strategies

- Restructurings are the result (the actualisation) of strategic corporate decisions: Europe is not subjected to globalisation, European companies are the major players in it (which provides companies room to manoeuvre in change management)
- These strategies are the core business of companies; they are formed by integrating various ways of playing with time and space provided by globalisation:
  - space: reorganising or outsourcing business in Europe or abroad, for example
  - time: ongoing nature of restructurings, acceleration, perfecting the decision-making process and the timetable for the restructuring

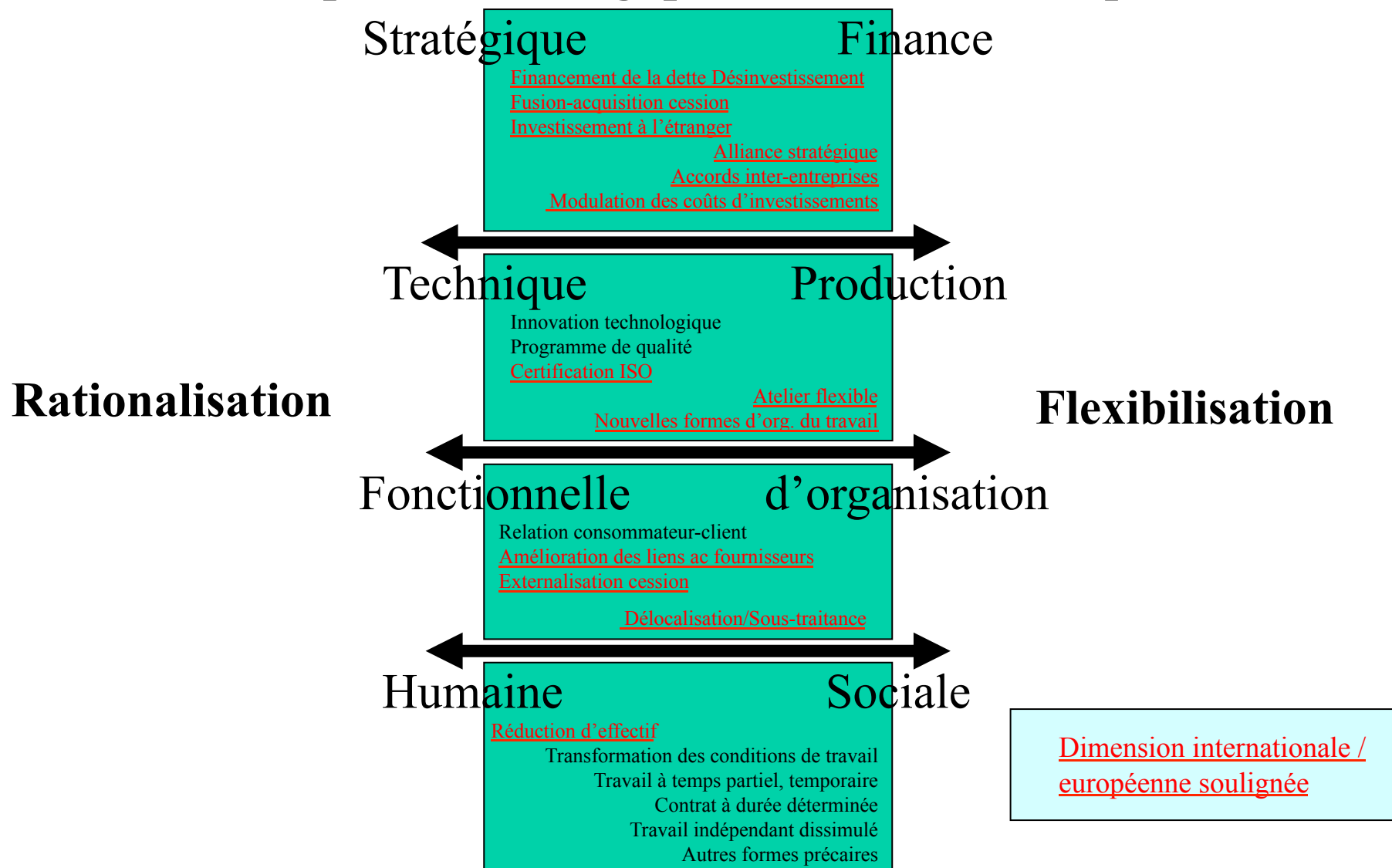


## Re-balancing power to anticipate restructurings

- Thus, the strategies being implemented cause a real imbalance of power among the players; the employer controls the space and time of actions
- The theoretical basis of the approach in a « 3M »perspective is this existence of specific asymetries of powers linked to the strategies and organisations of MNC in Europe
- anticipation of restructurings cannot be done outside of the strategies implemented, and this determines the **proactive approach from labour representatives and regional players** to take action:
  - on the decision-making processes (constant adjustment)
  - by giving themselves room to manoeuvre and opening up spaces for action, coordination at all levels



# Approche multidimensionnelle à partir de la logique interne de l'entreprise





## Three characteristics account for the complexity of restructuring processes

- The analysis of restructurings (AgirE case) can hardly be reduced to those at the restructured sites (other places are affected, such as regions, other levels of action are involved): need to account for different levels of action and regulation: local (restructured site, relevant region), regional, national, European: Multi-level
- Interaction of players at the different levels of action and regulation (coordination): Multi-player
- All the functions of the company are involved in the restructuring process (financial, technical, organisational and human resources are mobilised): need to highlight the multidimensional nature of restructurations



# The 3M Rule





## Creating conditions for effective anticipation

Bringing the 3Ms to light makes it possible to create conditions for effectively anticipating practices referred to as “innovative”:

*Strategic restructuring processes thus require strategic forms of anticipation and innovative practices at global and local levels*

Anticipation has to include the different levels of regulation and, in particular, the European, sectoral, local and regional levels (Multiple levels).

Creating anticipation involves synergies among the players (particularly among global and local players) (Multiple player rationale)

Anticipation must not be conceived solely using established economic forecasting models (work by the Dublin Foundation), rather it requires player appropriation.

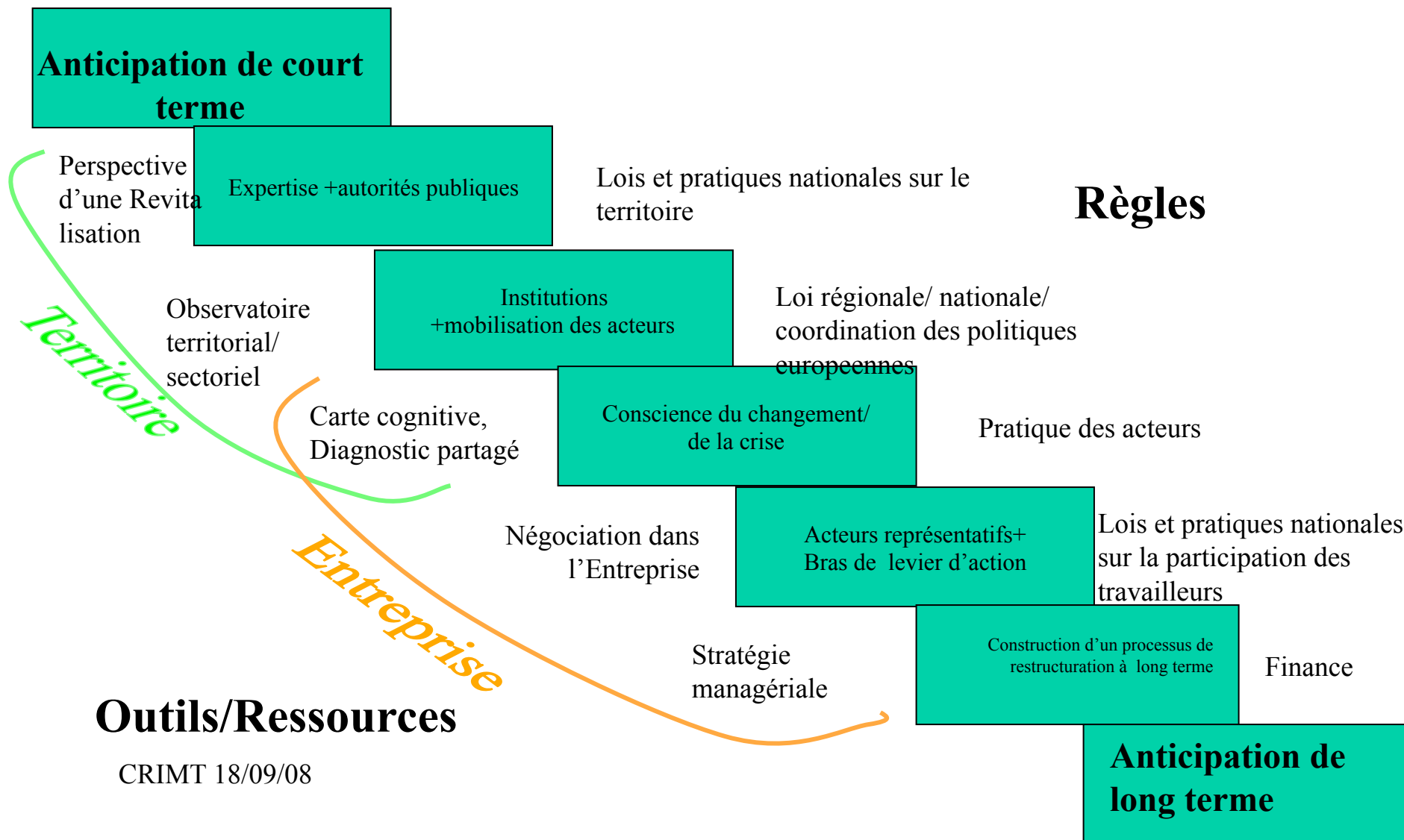
Anticipation must focus on the different dimensions of the restructuring.

*Accounting for the 3Ms is thus a condition of effectiveness for anticipation and innovation.*

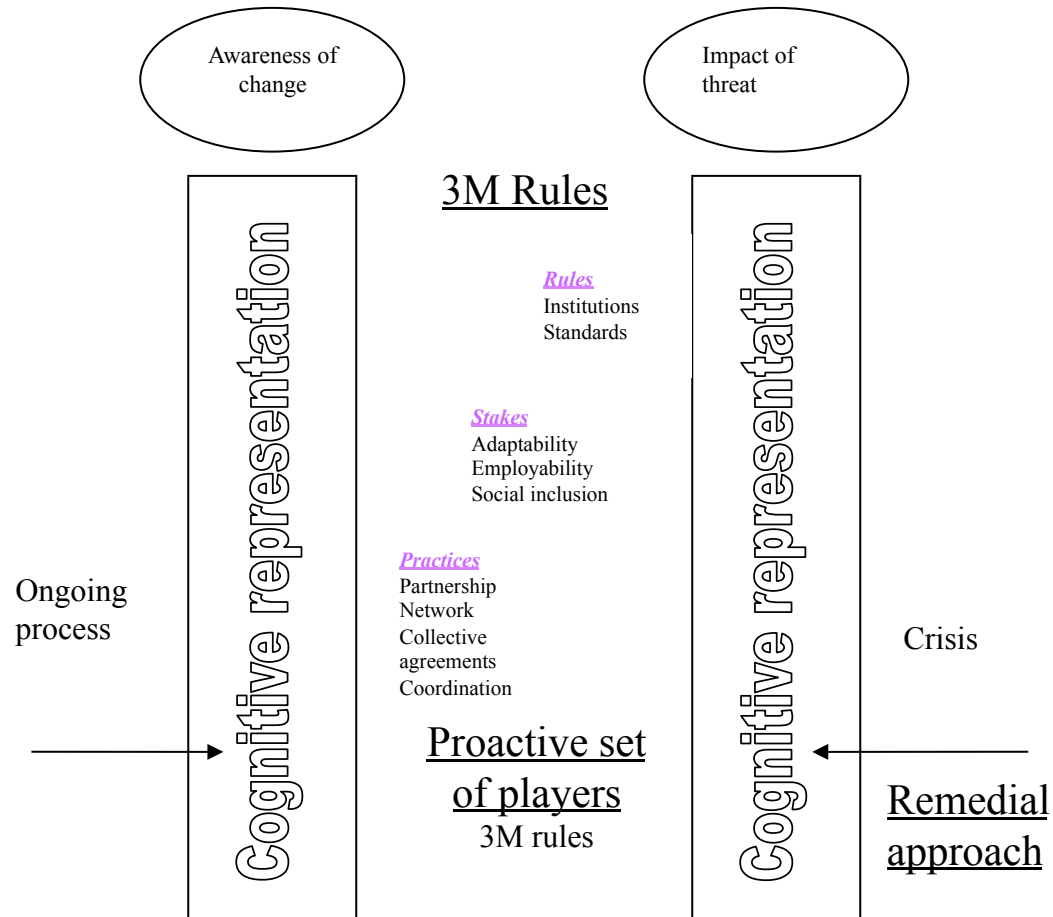
The 3M also allows to deal with interactions between European policies and the restructuring process



# Dynamique de l'anticipation



## Moving from crisis management to an ongoing process of innovation involves a common awareness of change





# For a dynamic view of the typology of restructuring

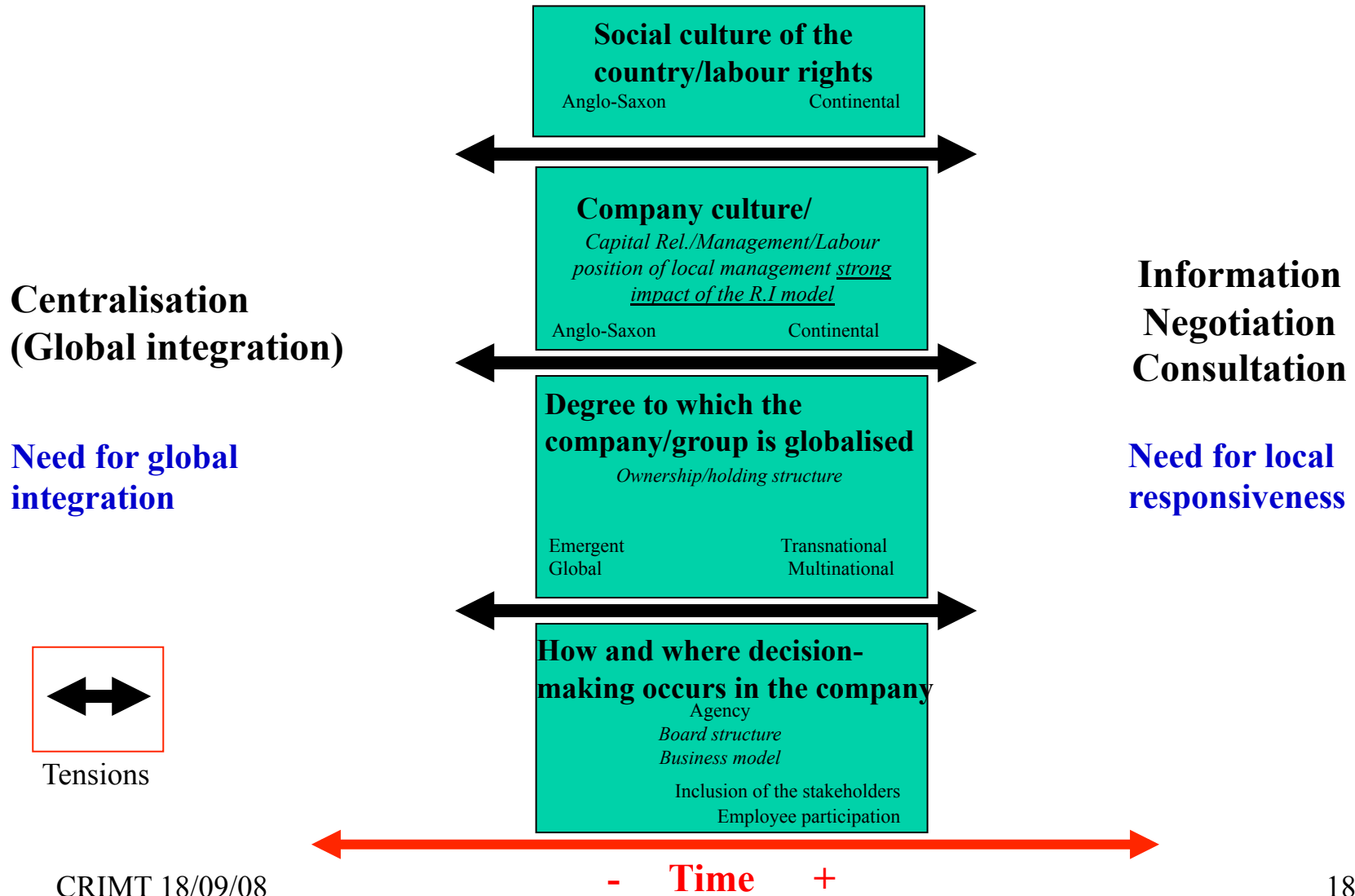


## **The determining role of players in restructuring processes: for a dynamic view of the typology of restructurings**

What variables influence the set of players in the restructuring processes and determine their responses in terms of anticipation?

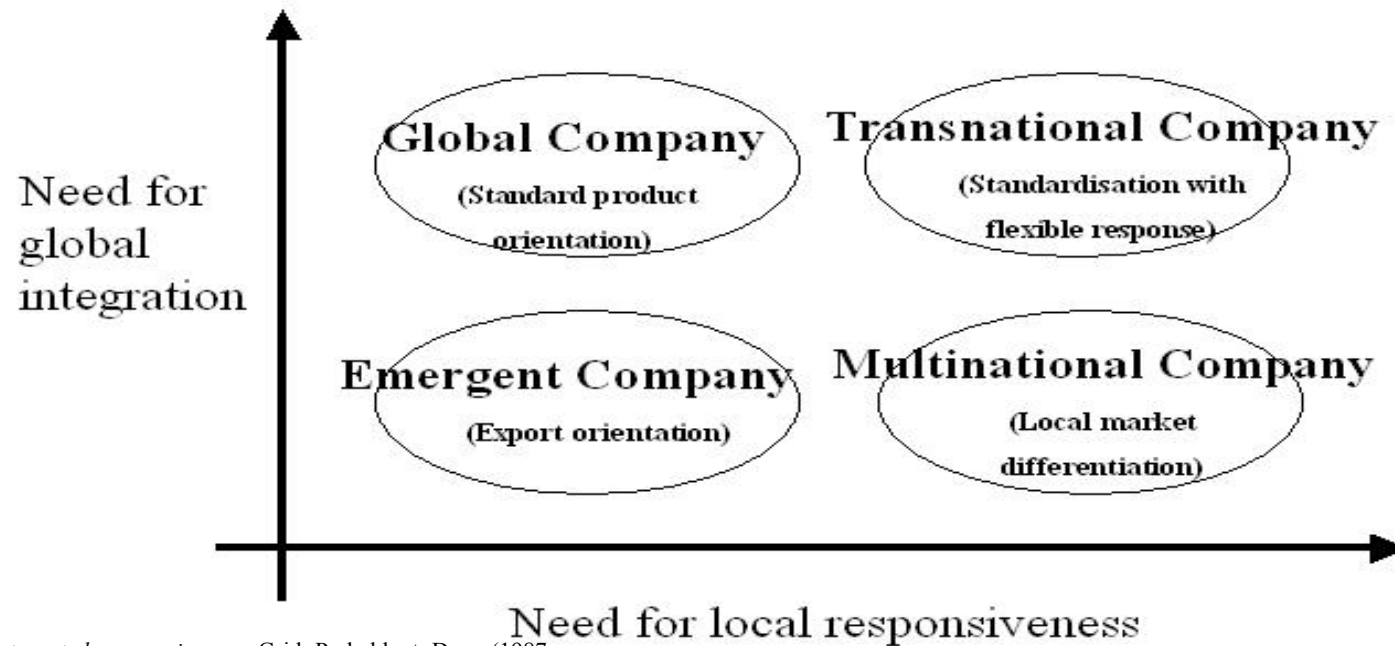


# Variables that determine the set of players in the company



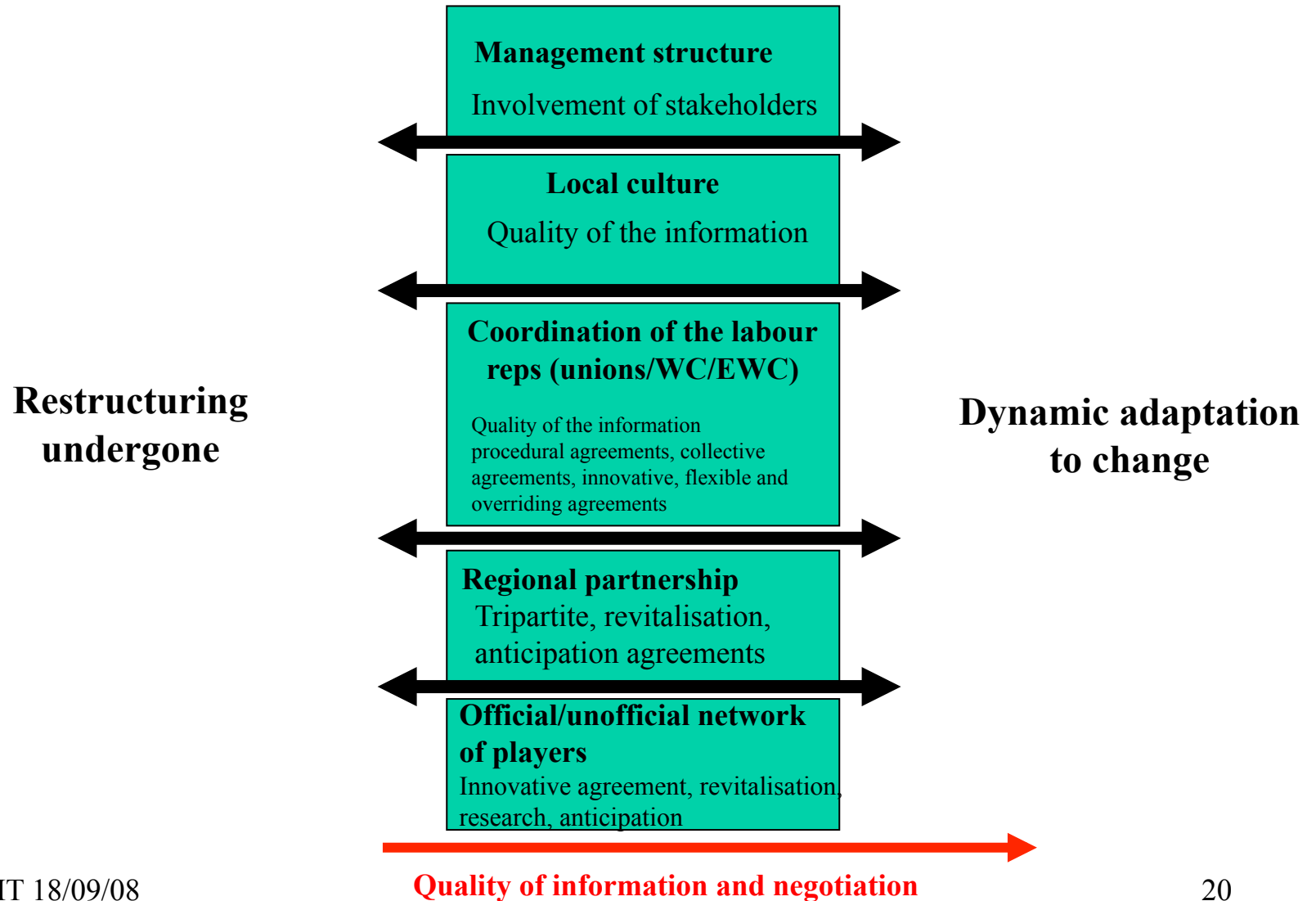
## Degree to which firms are globalised

Consideration for local level depending on the degree to which company is globalised



source: *Integrated responsiveness* Grid Prahalad et Doz, (1987, 1991)

## Variables that determine the set of players in the company and the region





## Summary Table

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



## Some lessons these tables teach us

- The quality of the information, consultation and negotiation, of partnership-building, is a key condition in anticipation in companies and regions.
- The quality of the selection of measures that come along with restructurings is a function of a “multi-player” dynamic.
- Rules still have a strong impact and enable targeted actions: they are a support base for public actions.
- These rules are not only local; they also belong to other regulatory levels (European level, global level), which reveals the potential of a “multi-level” approach.
- The national labour representation model is not sufficient in and of itself to justify the dynamic that exists during a restructuring and does not explain the revitalisation process of regions.
- The emergence of innovative practices shows the need to create initiatives that integrate the different places of action (entire company/relevant region) and the different levels of regulation (local/regional/national/European)
- Integrating the innovation and research aspects as an opening to regional revitalisation leads to building networks that are managed administratively and institutionally (ex.: competitiveness clusters (subsidies) in France, industrial or technological districts in Italy)



# Notion of anticipation - 5 conditions for pro active action

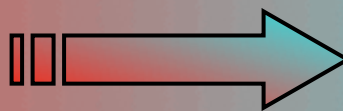


## Operational and strategic anticipation: different goals and methods

- **Operational anticipation**: to govern the restructuring process in the best way and to limit its social negative impact, according to a “curative” or an *ex post* approach, that can be both “*hotly*” and “*coolly*”; tools and procedures are thought and carried out, early, to prepare workers (to keep or to reduce), organisations, work process, and local labour market to the consequences of restructuring, aiming at moderating the latter on the skill trajectories of workers and on the territorial economic context
- **Strategic anticipation**: for a permanent employability for workers and for avoiding... restructuring, according to an *ex ante* approach, aiming at realizing, in advance, strategies, practices and measures, structuring and adapting firm and workers to all internal and external shocks and transformations deriving from changes in the macro-economic context.



<b>CHART 1. RESTRUCTURING ANTICIPATION BETWEEN LEVEL AND FIELD OF ACTION</b>	<b>Operational anticipation 1 ("hotly")</b>	<b>Operational anticipation 2 ("coolly")</b>	<b>Strategic anticipation</b>
<b>MANAGEMENT</b> <b>Headquarters / Local management</b> [centralization CE, local autonomy LA, cooperation COO, conflict CON]	Dinosol [CE] Ea [CE] Gisi [CE, CON] GE Energy Products [CE] Lejabi [LA] Abn_Amro [LA] Ruhr Kristall Glas [COO] Celestica [CON]	Ibm [CE] Arcelor [CE] Dexia [CE] Novelis GmbH Germany [CE] Alcan Singen [CE] Fehrer Automotive Systems [CE] B. Cable and Wire Nederland [CE] V. Business [CE]	F. Services BV [CE] Thomson Video Glass [CE] StM [LA] Ugine [COO]
<b>EUROPEAN (MACRO) Social dialogue:                      information and consultation</b> <b>Headquarters/European Work Council</b> [information and consultation IC_no social dialogue NSD]	Alcatel [IC] Ea [IC]	Dexia [IC] Ibm [IC]	StM [IC] Ugine [IC] F. Services BV [NSD]
<b>BILATERAL MICRO LOCAL GAMES</b> <b>responding to global player (local                      autonomous collective bargaining).</b> <b>Local management /work council</b> [conflict CON, cooperation COO]	Abn_Amro [COO] Celestica [COO] Dinosol [COO] Finger & Pelz GmbH [COO] Ruhr Kristall Glas [COO] Gisi [initial CON, then COO] Alcatel [initial CON, then COO] Lejaby [CON, but they signed an agreement] GE Energy Products [CON]	Dexia [COO] Azucarera Ebro [COO] Fehrer Automotive Systems [COO] Novelis GmbH Germany [COO, at last] Ibm [CON, but they signed an agreement] Arcelor [CON] Alcan Singen [CON]	StM [COO] Ugine [COO] Sabaf [COO] Zwickau [COO] Thomson Video Glass [CON, but they signed an agreement]
<b>LOCAL TRIPARTITE GOVERNANCE with                      social measures from job security to                      career security on the labour market.</b> <b>Local authorities/local management /                      local trade unions</b> [public policies PP, local consultation LC]	Celestica [LC, only formal] Lejabi [LC, PP] Finger & Pelz GmbH [LC, PP] Ruhr Kristall Glas [LC, PP] Alcatel [PP, at European level]	Alcan Singen [LC] Arcelor [LC] Ibm [LC, PP] Fiat [PP, LC] Azucarera Ebro [PP]	Thomson Video Glass [LC] Sabaf [LC] Zwickau [PP, LC] Ugine [PP, LC]





## Correlation Table Anticipation/Capacity to Handle

Anticipation method		Capacity to Handle	
	Horizon		Nature
Strategic anticipation	Uncertain Changeable	Employment and skills initiatives in the region and sector + Forward-looking skills management + Proactive revitalisation	Prospective Proactive
“Cool” operational anticipation	Probable Amendable	Employment initiatives in the region + Alternate project (internal) + Retraining (external) + Revitalisation	Proactive Remedial
“Hot” operational anticipation	Certain Not changeable	Employment initiatives + Reassignment + Job losses with compensation	Remedial

## Building a common perception of change

### Establishing an early common diagnostic at every level:

the need to gather the relevant cognitive elements to develop “cognitive maps” (a representation of upcoming events), hence the importance of:

- The role of sectoral or regional observatories
- Informational and consultative procedures (national level, European – European Works Council)
- The role of specialists to improve diagnostic abilities

### Beyond information-consultation: collective bargaining

#### Spurred by collective bargaining in restructurings:

“Labour and management and regional players must be able to engage in a negotiation process based on a **common diagnosis**, in given length of time and build alternatives, transitions with the help of a regional institutional network, if one exists” (AgirE report)



## 5 conditions of restructuring anticipation

- ***time***, as a pre-condition for information, consultation, participation, social consensus and collective bargaining on restructuring strategies;
- ***space***, to leave some freedom to act for local actors: management, unions, and public authorities;
- ***memories***, about collective bargaining processes conducted in an “integrative” way more than in a “distributive” one (Walton, McKersie, 1965);
- ***cognitive maps***, as the main tools for local actors to interpret and to have control on changing macro-economic and social context;
- ***early common diagnosis***, as the result of a process in which the original preferences of actors, deriving from their cognitive maps, can be changed originating a compromise between reciprocal economic and social interests.



## Anticipation in the AgirE cases/the 3M rule

Targeting in the restructured unit with no link to the region (neither multi-player nor multi-level)

No coordination between the restructured units (no multiple levels)

Unaware of the community aspect – either in coordinating representatives or in mobilising funding and support measures (neither multi-level nor multidimensional)

Measures only formulated in the social realm while other aspects of the restructuring are overlooked (not multidimensional) too many “job market exclusion” measures

Etc....

>> “Good practices” are often the result of a rupture, one or more players taking a risk, which is why the innovations are only partial

>> How do we overcome the fears, reduce the risk-taking and make sure there’s guidance towards managing mutual change?



## Examples from the case studies (automotive industry)

EA : a major supplier of equipment for the automotive industry. EA is divided into different divisions, including the “electronics and liaison systems division” responsible for the production of wiring and wiring harnesses.

The story (2000-2004) of EA restructuring is the one of a delocalisation of production from its European sites (first France and after Spain , Portugal and Italy) to the Maghreb countries. The products have very low added value and production costs have become an essential factor in the restructuring process.

EA is a perfect example of the absence of any concertation and cooperation in the handling of sites closure (governance highly centralised, no local initiative, no room for manoeuvre, no shared diagnosis, no early implication of the European Works Council, ...)

FIAT Miriafiori : The most innovative feature of Fiat Auto restructuring (2000-2005) is the intervention of local public actors (especially the regional and urban governments), in the form of the purchase of Miriafiori’s unused areas and in the following constitution of an agency for their management : an agency supposed to work for a partial reindustrialisation of the area, through relocations of local firms and possibly by the attraction of foreign ones.

This intervention was certainly not decisive for the rescue of FIAT, it certainly had a very strong influence in the rescue of Miriafiori plant whose further contradiction was at the time very probable because it guaranteed the installation of a new production line in Turin.



# Beyond the good practices: examples of innovative practices



## European Works Councils: An innovative actions lever

- **More than 800 Groups** currently have an EWC; however, according to many estimations, more than 3000 European sized companies should have one.
- **A privileged venue to apply “3M Rules”, whilst building new space/time relationships.**

**Nonetheless, the European Committee generally only plays a small role in answers to questions posed by restructuring (cf. the AgirE case.)**

- Answer that are often too **slow** compared with the acceleration and complexity of restructuring.
- **Internal obstacles** such as contents of agreements (article 13, article 6, restrictive definitions of information and consultation, limited means, etc...) **As well as external ones** (competition between sites, where, for example, management plays a role of division and intra-site war, lack of coordination with unions) do not promote true European solidarity or anticipation approaches (cf. affaire Volkswagen or EADS.)
- The European Committee can nevertheless become a true action lever as we are able to see **when all players try to mobilize themselves, for example:**
  - **Court cases concerning the lack of information and consultation** are currently exploding: (GDF (soon to have a new court case?), British Airways, Lucent Alcatel...) The EPSU (European Public Service Union) has put funds at the disposal of European Works Councils to facilitate their legal issues.
  - **Transnational collective action** (for example the solidarity strike at General Motors) and Transnational coordination experiences (cf. Quebecor restructuring.)



## 1-1 Collective Bargaining: a place for development and innovation

### With new instruments

- ✓ Flexibility/overriding agreements, *Öffnungsklauseln*, *Haustarifvertrag* (Finger&Pelz, Ruhr KGlass)
- ✓ Procedural agreements (ABN Amro, Alcatel, ThomsonVG)
- ✓ Pre-emptive agreements (Novelis: reconciliation of interests)
- ✓ “Partnership” agreements  
(IBM: agreement “for competitiveness and employment” that combines Forward-looking job and skills management, training, employability, etc. in a procedural agreement)

### 2 major consequences

- ✓ Need to identify the levels: Global/Local, European/Regional, Corporate/Site
- ✓ Role of unions in defining the terms and framework of the negotiation



## 1–2 Collective Bargaining: a place for development and innovation

New negotiating frameworks open up a broad scope for negotiation in order to...

- set up long-term occupational transitions for workers (IBM, Alcatel)
- Anticipate changes with the support of public policies (TVG)
- Reorganise productive activities to limit the impact of the restructuring on jobs (shift work at STM, EA)
- Set up economic alternatives (Zwickau, TVG)
- Spread innovation and research in the region (FIAT, Sabaf)



## 1–3 Collective Bargaining: a place for development and innovation

- ...enabling synergy at the same level where managerial strategies are implemented
- Tripartite partnership linking local authorities in the region and/or mobilising the institutional network, which enables transitions (Sabaf, German cases)
- Coordination at the national and sectoral levels to prevent fragmenting (Dinosol, Azucarera)
- Coordination at the European level to prevent breaking the solidarity among the sites
  - European Works Council distributes information (EA, STM, Alcatel)
  - European federations coordinate unions (FEM for EA)
  - Sites coordinated through unions (STM, Fiat, Alcatel, Dinosol)



# New regulatory frameworks?

## EXAMPLARY CASES

### International framework

General Motors :agreement signed in December 2004,by the EMF, following the announcement of September 2004 of a plan to close the plant, then 12,000 redundancies, in Europe.

The EMF implemented “a European coordination of unions group. The impact of the restructuring was spread across all countries in accordance with the notion of “spreading the load”, in such a way as not to promote competition between plants; and management committed not to carry out clean-cut redundancies..

### European framework agreements for Forward-looking job and skills management

- Suez/European Works Council, CES, 5 French org., Euro. Execs Conf.
- Schneider Electric/FEM

### Tripartite agreements in the region for “regional governance”

- SABAF: Sabaf’s businesses moved from industrial zone in Lumezzane to an outer-city zone in Ospitaletto:



# Conclusions-Recommandations



## Conclusions-Recommendations

### Creating pre-emption

Improvements to the quantitative data enables the objective data to be centralised (notification of collective redundancies), for example, organising information sharing among players through observatories. Validating the conditions of strategic anticipation.

### Creating anticipation

Recognise the need for a common diagnosis

Make relevant information mandatory for the company and the region

Integrate the employer's strategies in the information

Favour the dynamics of change by calling upon experts



## Conclusions and recommendations

### **Organise innovation in the company and on the territory:**

Respond to issues of revitalisation and professional transitions

Encourage tripartite partnerships through an incentive policy on a European level

Construct models within the context of sectoral social dialogue

Encourage the development of a coordinated institutional network on the territory

### **Coordinate European policies around the objective of pre-emption**

Give an institutional basis to the community Task Force

Create social mainstreaming on the basis of the horizontal clause in the Lisbon Treaty for social policies

Systematically analyse the direct and indirect impact of European policies on restructuring



## Conclusions-Recommendations

### **Create visibility for the impact of restructurings:**

Create more forecast analysis and anticipation instruments (sectoral partnership, codes of conduct (problems), forward-looking support through training (CEDEFOP), use structural funds

### **Encourage innovation (account for the 3M rule): relevant building of procedural framework for change that is adapted to the characteristics of restructurings:**

- Need diversified multi-level instruments that allow for different kinds of consultation/negotiation, from the code of conduct to the transnational collective agreement to regional pacts.
- Needed content: procedural guarantees/relevant information/suitable time for the consultation/negotiation/mobilisation of funding (region/Europe)/multi-player coordination



## Conclusions-Recommendations

### Define multi-level actions

#### Need procedures created for a European/transnational scope:

- European sectoral partnership: the automobile sector model
- Group collective agreement: need a transnational European legal framework

#### Demand transnational control for procedures created by the players

### Reinforce capacities to act transnationally

1. Reinforce the capacity to coordinate the European Works Council (revise the directive)
2. Account for who takes control in terms of financialisation of economic activities during company transfers with regards to revising the directive



## Conclusions-Recommendations

### **Create better means for setting up regional pacts:**

Put into place in liaison with European social partners of relevant models

- Oriented towards innovation and occupational transitions in the region
- That make it possible to establish a base for sectoral measures that ensure basic worker rights are being respected
- That ensure its measures are being respected to the advantage of European aids

Show community funding options and simplify access

### **Create monitoring system for people after the restructurings/transitions and promote the concept of European social citizenship**