



Restructuring in Public Services

General considerations,
job transitions
and social dialogue

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**Crisis, Social Dialogue and Renewals
in Restructuring**
Restructuring in Public Services



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IRENE network and Renewals project

Born during a seminar held in Dublin in 2003, IRENE (Innovative Restructuring-European Network of Experts) is a network bringing together independent experts – academics, practitioners, managers, social partners, consultants – from various countries (Belgium, Bulgaria, Czech Republic, France, Germany, Italy, Poland, Portugal, Romania, Slovenia, Spain, Sweden, The Netherlands, United Kingdom). It is open to new partners. Working on social and economic dimensions of restructuring in Europe with a view to promote responsible and therefore innovative practices, the IRENE network has achieved or contributed to a range of EU projects such as MIRE, AGIRE, HIRES, HIRES PUBLIC, ARENAS etc..) as well as to the Green paper published by the EU on restructuring (2012) or the report issued on the same topic by the European Parliament (2013). IRENE opened recently its website www.responsible-restructuring.eu. Beside new projects and studies on restructuring, IRENE will deliver on a regular basis policy papers based on its works.

Having started in 2012, the Renewals project is an EU funded project focusing at innovations arising in times of crisis for restructuring in two areas, SMEs on the one hand and public sector on the other. This project was based on case studies and workshops conducted by IRENE network members. The project results are presented in two Workshop Cahiers.



Introduction

by Claude-Emmanuel Triomphe (ASTREES)

Restructuring in the public services has only recently entered popular and political discourse. Public services have, for a long time, been regarded as a stable world with its own way of working, of employing people, managing HR and social dialogue. However, things have changed and the borders between the profit and non profit economy, between public and private sectors have blurred. Restructuring is now on the agenda of public sectors in the EU and is driven by a range of factors including but not exclusively the crisis and the public debt. Austerity, cuts in public spending, externalization of services, rationalization of resources are at stake in many countries. They impact, sometimes drastically, not only public employment in a quantitative way but also the nature – or even the ethos – of the public sector.

Of course, when talking about public services the differences are huge from one Member state to another: in some countries, public services are predominantly staffed by civil servants while in other the proportion of civil servants employed is much smaller. The nature of the organization could also differ greatly as the public sector can include: public owned companies, central administrations, local authorities, hospitals, education, railways, services of general interest, delegated to private entities, etc.: national and European landscapes have many colors...

What probably public services may have in common in most countries is a less developed social dialogue than, in the private sector: sometimes social dialogue in this sector is more formal than effective, with more information than consultation and even less binding collective bargaining. Leading to restricted scope for discussions. The paradox consist here in the fact that people employed in the public sector in Europe are much more unionised in average than in the private sector!

In that context, our project tried to identify what was going on in these times of crisis. What are the main – often mixed- drivers playing a role? How is restructuring managed not only in countries deeply affected by the crisis, like Portugal but also in those where the crisis is less severe like Germany? What are the consequences in terms of employment but also in terms of health and working conditions? What happens to public companies like those in the postal sector in Bulgaria or in France? How does restructuring play out in processes such as outsourcing?

We also wanted to investigate the role of social dialogue. Does it play a strategic role, or not? How do social partner play their role? What contribution do they offer? How do they deal with mobility and redeployment?



Last but not least, the crisis might be an opportunity for change. For the best and for the worse, but for something different in any case. Therefore the innovations taking place have to be highlighted and explored. We did not identify a lot of them. Most if any appear as slow and small evolutions. However, some big innovations might occur as can be seen in the Dutch experience for example.

This cahier is small contribution to the debate not only about how to manage change in the public sector but also about the way it takes place: is the doctrine of new public management still the right one? Does the crisis impact these concepts? Where should we go? Last but not least, the future of the public sector is an issue belonging not only to public employers, to trade unions but also to its users and to all citizens.

Therefore restructuring issues could probably not be in the same way as the private sector and, in this respect, being innovative is more than needed:

It is requested!



Part 1

Restructuring in public services: general considerations

Transverse Analysis
Articles



Restructuring in public services: general considerations

Transverse analysis

Reinhard Naumann (Instituto Ruben Rolo, Portugal),
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The current crisis has put the question of restructuring of public services on top of the political agenda. The transformation of the public sector in itself is not new. During the past three decades, the majority of governments in Europe have implemented programs with the aim to rationalize structures and to increase cost-efficiency. The common trace of this process known as “**New Public Management**” is its basic principle of market orientation. The specific strategies and results of these policies have varied between the different member states.

The **state credit crisis** has exacerbated the governments' search for possibilities to substantially reduce expenditure. This pressure has intensified efforts to transform public services, largely subordinating restructuring to the primacy of cost cutting. This has reduced the possibilities to find creative, thoroughly prepared solutions aiming at more efficiency and better services and supported by social dialogue.

Social dialogue can play an important role in all phases of restructuring, and it is a central pillar of the European Social Model. There is a need to pay particular attention to its existence and performance in the adverse context of the current restructuring processes. How can we describe the dynamic interplay between policy frameworks, the public services, regional and sectoral dialogues?

Recently, the ILO (2012) presented the findings of a comparative study on ‘**Adjustments in the public sector: scope, effects and policy Issues**’. The underlying research was focused on public administration (excluding state owned companies) in 30 states. It revealed a multifaceted picture of diverse processes, some beginning before the crises, others because of the crisis, some limited to quantitative adjustments, others comprising structural reforms, some based on critical previews and negotiations, others not. We may cite the Portuguese case as an example for the conversion of a structural reform focused on new HR management practices and launched **before the crisis** into a project of major cuts in several functions of the state (far beyond mere wage and employment cuts) as a **response to the crisis**.



The ILO-study lists some immediate effects of the current adjustments, namely (a) the modification of wage dynamics with regard to private sector (“from a wage premium to a wage penalty”), (b) widespread waves of protests and (c) growing inequalities in work contracts and pay and working conditions (“dual labour markets”). Three “categories most hurt” are identified: “women, young workers, migrant in some occupations”. Furthermore, the study highlights the impact of the measures on the low paid, the general deterioration of working conditions (“increased workloads and higher work intensity”) and the **poor use of social dialogue**. In this relation it is stated that “Quantitative adjustments to reduce the budget deficit generally carried out hastily without negotiations and consultations with the social partners”.

According to ILO (2012) longer term effects on human capital are a reduction of training, frozen or dismantled career progression, reduced ability to attract and retain staff and a change in skill composition. In some countries the “worsening wages and working conditions also led to waves of emigration”.

The study gives several examples of contradictions between quantitative adjustments and structural reforms¹ and formulates the question “Will the initial budgetary, economic and political objectives of adjustments be met?” and adds the following concern: “This mix is aimed at ‘doing more with less’ but there is a risk of ‘doing less with less’ or even ‘doing less with more.’” The concluding policy considerations refer to (i) “The speed and predictability of adjustments;” (ii) “The method itself: transparency, negotiation important to avoid conflicts;” (iii) “The combination between quantitative adjustments and structural reforms;” (iv) “The balance between raising revenues and cutting expenditure;” and (v) “The future role of public services for the economy and for society”.

In this paper we will discuss the following issues related to the restructuring of public services and the problems analysed in the above referred ILO study:

- drivers and social dialogue,
- identities,
- organisational innovation,
- vulnerable groups
- and social dialogue.

Anna Kwiatkiewicz (2013) focusses in her analysis of the “Main drivers of change affecting Public Services” on human resources. She states that public services including services of general interest (SGI) are highly relevant for the population in general (as providers of essential services) and as employers (giving jobs to large numbers of workers). Kwiatkiewicz identifies the following main drivers of change: Liberalisation, technological change, financial uncertainty, changing nature of demand, and climate change. The author identifies a range of major consequences that can be (in our view)



organized in four groups:¹

- a) Job reduction, changed contractual arrangements and increased workload,
- b) Flexibility, work organisation,
- c) New challenges in relation to skills and training,
- d) Customer orientation.

Group (a) and (b) represent the “tougher” consequences of the process, (c) and (d) can be seen as “softer” issues. Two of the five **social partners’ initiatives** presented by Kwiatkiewicz are related to the consequences of the “tougher” consequences (Healthcare: Framework Action on Recruitment and Retention, and Education: Joint initiatives on stress & 3rd party violence), they do not deal with the “tough issues” themselves (Job reduction, changed contractual arrangements and increased workload). Two other initiatives are related to skills (Sector Councils on Employment and Skills and Railways: WG on certification of specific categories of workers) and one at the postal services is a ‘Social Observatory’.

Even though some of these initiatives are related to the consequences of some “tough” issues, they are all **dealing with the consequences of restructuring, not with the strategic decisions at the origin** of these consequences. As the ILO study refers, social dialogue on restructuring itself is rare.

We may advance two central reasons for this manifest difficulty in making use of social dialogue in restructuring of public services:

I. Social Dialogue requires a minimum of strategic thinking and behaviour of social partners, but there is plenty of evidence that many institutions (companies or public bodies) and workers’ representatives (unions and works councils) who are faced with restructuring tend to “muddle through” instead of making a critical review of their resources and of their options in a social conflict-partnership². This makes it more difficult for these “spontaneous actors” to make a serious investment in social dialogue, but once/if they have started to define their own position and their possible choices in the effort to find a common understanding with the other involved social dialogue has the potential to become a catalyst of a new more anticipative and responsible approach towards

¹ Example Portugal (PT) 2005-2009 and after: PT government began in 2005 to reduce personnel in Public Service (PS) and to restructure the administration. Major reforms were launched in health and education, and in 2008 (Law 58/2008) the contractual relation between the state and its servants was radically changed, transforming the public servant (“funcionáriopúblico”) into workers who carry out public functions (“TrabalhadoresQueExercemFunçõesPúblicas”). Parts of this comprehensive, profound and thoroughly planned reform were successfully negotiated with some unions in the PS. After the bailout (2011) the primacy of cost-cutting became overwhelming ... >>> well prepared and negotiated process as described by Nogueira / Peixe at ISS no longer possible because it takes time and requires investment >>> risks of doing less with less or even doing less with more increases.



restructuring. In this perspective we may reformulate the phrase at the beginning of this paragraph: Social Dialogue requires and fosters strategic thinking and behaviour of social partners and helps to deal with restructuring in a more responsible way.²

A specific problem in public institutions may be the dependence of negotiations on the processes at the highest political level. There may be successful negotiations at the level of a public institute or a Directorate-General that are invalidated by political decisions at the higher level that are unforeseeable or even unintelligible from the perspective of the negotiating parties. The possibility of negative experiences of this kind may prevent many actors in public services to make a serious investment in social dialogue on change.

2. The challenges governments are faced with may exclude from the start any possibility of an understanding with the workers' representatives. This applies in particular to moments of acute crisis that demand rapid and drastic cuts in wages and jobs (as for instance in the countries of intervention). Such a scenario makes it almost impossible for employees' representatives (trade unions or staff councils) to take part in the responsibility for the process by signing any kind of agreement. BUT: Taking into consideration the general liability of actors to "muddle through" there is the risk of actors using critical situations as an excuse for unilateralism. A critical assessment of the real constraints and possibilities of actors in each situation may open new perspectives for social dialogue that some deliberately ignore. Furthermore, there may be some ideological factors in play, namely if "liberalisation" as a driver is understood as incompatible with collectively agreed compromise.

To sum up, we may state that the demand for social dialogue is also the demand for strategic thinking and behaviour of social partners and for a more responsible way to deal with restructuring. Social dialogue involving employers, workers and clients cannot be reduced to a mere obstacle of change. Practiced in the right way, it may become a catalyst of the process and an effective tool to guarantee the accountability of all parties involved. An adverse context does not invalidate the usefulness of social dialogue. On the contrary, the hardest decisions may require even more a process of political and social intermediation. In any case (with or without negotiations on the "tough issues" of restructuring itself) it is certainly important to organize an effective social dialogue on how to deal with the manifold consequences of restructuring. It would be useful to assess social partners' initiatives such as those presented by Anna Kwiatkiewicz with regard to their coherence and relevance and to their success factors and transferability.

² *The concept of conflict-partnership was developed by Walther Müller-Jentsch (ed.) **Konfliktpartnerschaft : Akteure und Institutionen der industriellen Beziehungen** [Conflict-Partnership: Actors and institutions of industrial relations], Munich 1993*



In her comparison of two different restructuring processes in Belgium Giseline Rondeaux (2013) comes to conclusions that support the idea formulated in the ILO study that negotiations are important to avoid conflicts. According to this author, the public services reform that started in 2007 in the region of Wallonia differed under several aspects from the federal public administration reform in Belgium in 2000 (the so-called “Copernicus Reform”). The Copernicus Reform was strongly rooted in a NPM-strategy, the Walloon reform on the other hand was “a moderately new identity project (neo-weberian)”. Thanks to its design and its participative approach this reform was confronted with only weak dissonance amongst employees and did not cause an identity crisis in the institution. In contrast, the “Copernicus Reform” resulted in a strong dissonance, an identity crisis and brought risks of disidentification. This supports the idea formulated in the ILO study that negotiated change can help to avoid an identity crisis and open hostility of workers.

Wim Sprenger (2013) presents an interesting case of organisational innovation that escapes apparently from the usual conflicts and problems of restructuring in the public sector. Buurtzorg is an organisation based on self-managing local teams that operate in the largely privatised and publicly regulated social service sector. This specific case in the home-care-sector seems to offer advantages under several aspects (costs, quality and working conditions/wages), thus responding successfully to the multiple and partly contradicting pressures/drivers listed by ILO and AK above. It would be of particular interest to make a critical assessment of this measure and of its transferability to other countries and areas. Does Buurtzorg really “do more with less” without the usual consequences (namely work intensification and/or wage reduction)? And if so: Which are the public services that might transfer (part of) this innovative practice? There are already cases of similar models in the home-care-sector other countries.

Social dialogue on restructuring in the public sector at EU-level is a controversial issue³. CEEP and EPSU as the European representatives of social partners in the public sector have strongly diverging views on the issue. CEEP sees the need for adapting public services to budget constraints, changing demand, ageing workforce etc. and defines its own role in the process mainly as monitoring. In contrast to this more contemplative approach, EPSU understands that there is an urgent need for action to save the European Social Model embodied in public services and therefore a need for active Social Dialogue. To a certain extent, the European Commission reinforces the drivers of restructuring of public services, but it does not make an effort to develop a common policy for public employment. Prospects for EU-regulation are very low.

As an entrepreneurial / employers’ association that gathers national actors who operate under very different conditions CEEP is not interested in a strong regulation of

³ This section is based on the debate at the “General Discussion and Roundtable” of the Workshop “RENEWALS: THE PUBLIC SERVICES, CRISIS, RESTRUCTURING AND SOCIAL DIALOGUE WORKSHOP”, Brussels 7-8 MARCH 2013, with Donald Storrie (Eurofound), Fernando Vasquez (EU DG Employment, Social Affairs and Inclusion) Nadja Salson (EPSU), David Anciaux (CEEP).



restructuring at EU-level. Its “contemplative” attitude expresses its interest in keeping the room for manoeuvre of national governments and owners of SGIs (private and public) as broad as possible. This room of manoeuvre includes the current method of “muddling through”.

EPSU’s attitude is completely different because unions are in general more interested in the political regulation of economic activities and because this union organisation sees public services as a core element of the European Social Model and as former exemplar employers / pace setters for stable contracts and good working conditions / strongholds of trade union movement.

The political situation in the EU and the present balance of power between governments / owners of SGIs and workers / trade unions suggests that the multiple and urgent requests of EPSU to regulate restructuring at European level will not be satisfied. Nonetheless we think that is legitimate to ask whether a sectoral framework agreement on restructuring would be desirable and possible. Isn’t it in the self-interest of the national governments’ and SGI-owners’ to formulate a European framework in order to avoid the risks identified by the ILO? Increasing the predictability and the transparency of adjustments could help to avoid conflicts. A framework might support better solutions to combine quantitative adjustments and structural reforms. A European regulation could set some references regarding the future role of public services for the economy and for society. National governments want the maximum freedom of action, but they are entering a downhill race without knowing where it will stop. A European framework can help to preserve some fundamental characteristics of the public services as a key-element of the European Social Model, and this may be important for keeping the social and political consensus in the different member states (core interest of national governments). It is also in the interest of governments to identify and protect vulnerable groups in order to avoid major social and political problems.

We find multiple and substantial arguments for a richer use of social dialogue at national and European level. This may include a European framework of restructuring in public services, negotiations on the “tough issues” in the member states and social partners’ initiatives that deal with the consequences of restructuring. New solutions via organisational innovation and the protection of vulnerable groups are of great importance and should be subject to social dialogue.



References⁴

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Giseline Rondeaux (2013) - *Restructuring a regional administration: principles, process, perceptions and outputs*

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⁴ This section is based on the debate at the “General Discussion and Roundtable” of the Workshop “RENEWALS: THE PUBLIC SERVICES, CRISIS, RESTRUCTURING AND SOCIAL DIALOGUE WORKSHOP”, Brussels 7-8 MARCH 2013, with Donald Storrie (Eurofound), Fernando Vasquez (EU DG Employment, Social Affairs and Inclusion) Nadja Salson (EPSU), David Anciaux (CEEP).



Restructuring in public services: general considerations

Main drivers of change
affecting Public Services –
Focus on HR challenges

Anna Kwiatkiewicz (K.U. Leuven, Belgium)

According to the CEEP research of May 2010⁵, Services of General Interest (SGIs)⁶ employ more than 64 million people in the EU-27, which corresponds to over 30% of the workforce, and contribute more than 26% of European GDP. Such sectors as electricity, gas, water, public transport, postal services and telecommunications, railways etc. consist of more than 500000 public enterprises which serve 500 million inhabitants and which invest more than €150bn. SGIs are a very diversified group: they are public, private and mixed capital entities and operate at regional, national and European levels.

In terms of employment the main public services sectors are:

- healthcare and social work (33% of all SGIs with 20.5 million employees);
- public administration and defence (24% of all SGIs with 15.4 million employees);
- education (23% of all SGIs with 15 million employees);
- public transport, railway, postal services, telecommunications (9.6% of all SGIs with 5.9 million employees)⁷.

In average employees in SGIs are relatively more 'mature' (many employees are aged 50+, i.e. in France the average age of civil servants is 3 years more than the private sector mean) and have a long employment history with one employer. Often their current job is their first one and the only they have ever had - SGIs workforce experience is very often limited exclusively to public services. Moreover, staff with long

⁵ CEEP (2010), *Public Services – Supporting the Very Fabric of European Society*, Brussels, p.3.

⁶ Following the definition proposed by the 'Mapping of the Public Services' project, 'SGIs' and 'public service providers' are used interchangeably.

⁷ CEEP, *op.cit.*



service tend to demonstrate high 'job for life expectancy', while career advancement is usually linked to tenure and based on 'insider' basis. In some SGIs workforce is male-dominated and attempts are made to attract more women into employment (electricity, railway, public transport and postal services). At the same time some other sectors experience female-domination in employment and are interested in balancing their human resources by increasing male employment (education, health and public administration). In majority of cases SGIs workforce is characterized by sex and occupation segregation, and engages important numbers of unskilled, semi-skilled and clerical staff. Trade union membership is relatively very high in public services: it accounts for over 50% of the EU trade union members. Trade unions in public services tend to be well organized, involved in change processes and highly influential.

Challenges faced by SGIs in the European Union are numerous and complex. Interviews conducted with sectoral social partners (railways, healthcare, education, electricity, postal services, public administration) in 2011 made possible to compile a list of common and sector-specific concerns. Among the SGIs common challenges one finds:

- liberalization, privatization and increasing competition;
- technological change, which influences both demand and supply;
- security of future investment or financing.

Majority of sectors is concerned with changing nature of demand as a result of demographic trends and customer expectations (apart from postal services and railways) and environmental issues (apart from education and healthcare).

Challenges specific only for given sectors are:

- changes in management system, decentralization and effectiveness pressure (railways, education, central administration);
- inter-sectoral or regional cooperation (railways, public transport, municipal administration);
- ageing workforce (education, health);
- social responsibility (postal services, public transport);
- mergers & acquisitions (electricity).

The most pronounced trend challenging SGIs workforce is intensification of work, which can be a result of liberalization and increasing competition (i.e. railways, electricity), improved systems (i.e. railways, central administration), changing client demand (i.e. healthcare, postal services) or organization structure (electricity, education). Additionally, important changes have been introduced to contractual arrangements. Not all SGIs employees, especially new hires, enjoy status of public servant, and some of them will never be able to obtain it. This poses some serious considerations as motivation, retention and recruitment issues are concerned, especially when workforce consists



of employees with different statuses and rights.

Let's briefly analyse how common and sector-specific challenges identified by social partners influence SGIs workforce⁸. Liberalisation results in growing competition. Competitors are not only private businesses or new entrants on the market (competing for contracts), but also other public services (competing for resources). Such an environment requires flexibility and appropriate management skills. Liberalisation also fosters transformation of public services from traditionally state-owned industries to those where private ownership or state-owned multinationals gradually become dominant. This trend has had a profound impact on employment: job losses and changes in skills structure are observed. In case of 'liberalized' SGIs (i.e. electricity, railways) HRM practice becomes similar to private sector HR solutions.

Technological change is usually associated with introducing e-services, which has a huge impact on work organization, workforce planning as well as staffing and training needs. Providing e-services is not only about tools used, but also about their application. Additionally, innovative and smart services require a more interdisciplinary approach and ability to offer complex solutions. Moreover, users often want to actively design services and/or shape their provision.

Limited financing puts more pressure on SGIs. Necessary budget is not guaranteed anymore; more and more often there is a need for finding alternative ways of financing daily operations. Reduced budgets cause increased pressure on effectiveness to 'do more with the same' or even 'do more with less'. Additionally, it is likely that employment in public services will be reduced in order to cut public spending⁹. As a result, fewer workers will have to cope with more work in a situation of limited funding; they are expected to be flexible and entrepreneurial.

Ageing population has a two-fold consequence. One side of this phenomenon is ageing workforce; another - ageing of public services customers and change in the nature of required services. Managing older workers implies appropriate work organization and provision of training programmes as well as tailoring motivation and remuneration packages to their needs¹⁰. Additionally, due to higher than average age of public services employees important number of staff will be leaving working population to benefit from relatively generous and still available retirement packages. Serving older customers requires 'refreshing' existing services, introducing new ones and proposing more complex and individualized offer.

Demand for complex services requires more interdependent and integrated service offer; designing new services and delivering them in cooperation with partner

⁸ Kwiatkiewicz (2011), *Change and its impact on human resources*, Brussels..

⁹ ITC ILO (2010), *The impact of the global economic crisis on public administration*, ITC ILO, Geneva.

¹⁰ OECD (2007), *Ageing and the Public Sector: Human Resource Challenges*, Paris.



institutions, i.e. social assistance is more and more often paired with professional rehabilitation. These changes imply need for advanced managerial skills: thinking 'out of the box', ability to form alliances and seek synergies¹¹.

Adapting to climate change has resulted in transition towards low-carbon economy, introduction CO₂ emission quotas and put renewable energy into spotlight. This has serious consequences for some public services providers, i.e. for electricity sector (requirement to reduce CO₂ emissions results in changing power plant profiles) or for railways sector (new opportunity as rail is a more 'climate-friendly' means of transport than the road one). Low carbon technologies impact employment levels and skills structure in the companies. For example, in electricity sector there is less demand for workers in coal-based power plants, while the demand for workers with technical skills to work in nuclear or wind energy plants is increasing. Production, transmission and distribution activities change and new needs appear in marketing and customer service areas¹².

Sector social partners are aware that the above described changes will influence HRM practices in their respective sectors. So far the following sector-level initiatives to mitigate the impact of change on human resources have been undertaken:

Sector	Aim	Relevant initiatives
Electricity	<ul style="list-style-type: none"> Preventing skills mismatches caused by transition to low-carbon economy Demographic change Ensuring recruitment and retention of skilled workforce 	<ul style="list-style-type: none"> Informal exchange (since 1995) & sector social dialogue committee (2000) Reports on skills and lifelong learning (2002, 2003) Assessment of rationale for setting up European Skills Council (2012)
Healthcare	<ul style="list-style-type: none"> Ensuring recruitment and retention of skilled workforce in the context of ageing workforce and competition from private sector Managing cross-border migration effectively Introducing new work organization 	<ul style="list-style-type: none"> Informal exchange (2000) & sector social dialogue committee (2006) Framework Action on Recruitment and Retention (2010) Code of Conduct and Follow-up on Ethical Cross-Border Recruitment and Retention (2008)

¹¹ P. Bauby, M., Similie (eds.) (2010), *Public services in the European Union and in the 27 EU Member States*, project "Mapping of the public sector", CEEP, Brussels, pp. 57-58.

¹² ADAPT, SYNDEX, *Towards a low carbon electricity industry: employment effects & opportunities for the social partners*, material prepared for EPSU/EURELECTRIC/EMCEF, January 2011, p. 47.



Sector	Aim	Relevant initiatives
Railways	<ul style="list-style-type: none"> • Demographic change - ageing workforce • Recruitment and retention in the context of changing contractual arrangements • Competence development in the context of skills shortage 	<ul style="list-style-type: none"> • Joint Committee (since 1972) & sector social dialogue committee (1999) • Exchange on practices, experiences and adopted solutions • Working Group on certification of specific categories of workers and their competences
Postal services	<ul style="list-style-type: none"> • Recruitment and retention • New work organization, new tools and techniques • Changing competence requirements 	<ul style="list-style-type: none"> • Informal exchange (since 1994) & sector social dialogue committee (1999) • New organization of work and internal recruitment • Project "Social Observatory" (2007) • Exchange on practices and experiences.
Education	<ul style="list-style-type: none"> • Improving sector attractiveness to attract larger pool of skilled candidates • Recruitment and retention • New management of education institutions • New competence requirements 	<ul style="list-style-type: none"> • Informal exchange (2009) & sector social dialogue committee (2010) • Working Group on recruitment and retention • Adopting business perspective to school management • Joint initiatives on stress & 3rd party violence
Public administration	<ul style="list-style-type: none"> • Ageing workforce and employment reductions • Recruitment and retention • New skills related to e-services 	<ul style="list-style-type: none"> • Informal exchange (since 1990s) & sector social dialogue committee (2010) • Series of Joint Statements (2005-2011) • Joint Expert Workshop on HRM (2005)

Source: based on E. Voss, A. Kwiatkiewicz (2012), *Change in Public Services, Fora for the improvement of expertise in restructuring, final report, Brussels.*



Restructuring in public services: general considerations

Restructuring a regional administration: principles, process, perceptions and outputs

Giseline Rondeaux (LENTIC, Belgium)

Nowadays, in the various reforms designed and implemented to modernize the administration, the emphasis is placed on the market, with a particular focus on citizens – called now the Clients (Korunka et al., 2007; Thomas, 2012). While initial approaches of NPM were centred on efficiency, applicability and relevance of managerial practices imported from the private sector into the public organizations (Ferlie et al., 1996), the most recent reforms tend to include other objectives such as quality management, transparency and client orientation (Meier & O'Toole, 2007; Lapsley, 2008).

This communication is focused on the reform of the Walloon administration in Belgium. The modernization process started around mid-2007. Partially inspired by the New Public Management philosophy, this modernization implied organizational restructuring, as well a new management principles and HRM practices. Compared with the Copernicus reform launched in 2001 at the Belgian federal level, the Walloon reform appears as more « moderate » in reference with NPM principles, and could be qualified as a « neo-weberian » reform.

After introducing the principles of this reform, we propose to describe its implementation, characterized by a participative process in the several steps of the restructuring. Indeed, civil servants were implied both in the reflexion of this reform since its early beginnings through work groups, and both during the implementation of the reform, qualified as “home-made” (by the administration itself) instead of being piloted by consultants or the politics. This is another difference with the Copernicus reform.

The Walloon reform leads to the merger of 2 ministries in one single “matrix” administration composed of 1 General Secretary (coordination, strategic and transversal projects, auditing and communication), 2 Transversal Departments (HRM and legal affairs, ICT and budgeting, logistics and real estate) and 7 Operational Departments (regional competencies such as roads, waterways, energy, agriculture, employment and research, etc.). The Departments are headed by mandatory top managers (appointed



for a fixed term of 5-years). They are subject to strategic planning which details the goals they have to achieve, and creates for them an outcome obligation of result. These top managers are empowered and have a wide margin of decision autonomy. In terms of HRM, the reform emphasizes on merit and individual performance and is designed towards the development of talent management.

Between February and April 2010 we managed a survey within the administration. We first conducted exploratory interviews with 20 key stakeholders (strategic apex, attached office of the Regional Public Service Ministry, trade unions representatives) and read several internal documents relating to the regional administration and its modernization. These stakeholders were interviewed as part of semi-structured interviews of approximately one hour, structured around the principles underlying the reform, its implementation, and dimensions subject to evolution (work organization, management, HRM, relations with political actor).

We then developed a questionnaire on the perception of the modernization process and organizational identification. The questionnaire was sent electronically to a random sample of 2000 civil servants. It was administered through a web-based database, in which the respondents had the opportunity to directly encode their answers.

After a period of 2 months (during which two reminders were sent), we totalized 928 usable questionnaires (response rate: 46.4%). We conducted a classical computer statistical analysis, using SPSS (contingency tables and a multiple correspondence analysis (MCA) using a homogeneity analysis)

This survey shows three aspects in particular:

1. working associated representations within the administration in terms of its evolution, and the degree of identification with the institution in this context;
2. modernization perception and the role of hierarchy in this perspective;
3. identities represented within the institution. We show that the majority of positions are marked by dissonance, mainly on the value of modernization and its practical implementation.

Transversally, the dissonance stems from the politicization of the administration (strongly perceived and decried) as well as the implementation of the modernization process (termed inoperable, no coherent, seen as a backward and artificially participatory). HRM is considered for its lack of transparency (particularly concerning the appointment of officials or the “statutarisation¹³” process), and finally the management, in addition to the politicization which he is charged, is perceived as incompetent and

¹³ Process in the public administration for a civil servant to become “statutaire”, i.e. the highest security status



not able to motivate staff. This dissonance is not expressed in a virulent way, and does not seem to generate strongly sliced positions within the organization.

Implementation of NPM inspired reforms implies, at this level, both a transformation of context (in terms of organization, HRM, management) and a redefinition of institutionalized organizational identity. It is therefore to analyze how individuals are positioned with respect to this new institutionalized organizational identity and how their perception of changes in the environment also affects their identification with the institution.

Nevertheless, dissonance appears as quite moderate and does not lead to identity crisis or misidentification, as it was the case during the Belgian Federal Copernicus reform.

This difference in outputs in terms of identification processes and change management may be related with the implementation process and the contents of the reform itself.

We bring some comparative points as regards this reform process of the Walloon administration and the Copernicus reform at the federal level.

Through our analysis, we demonstrate the coexistence of different identity logics within the organization. Our analysis also establishes a variety of positions in relation to the context, leading to congruent or dissonant perceptions following the identity logic in which employees enroll. These results highlight the importance of context and perception in the process of organizational identification. We conclude this communication with some reflexions about change management and identification processes during (post-)NPM reforms.

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Restructuring in public services: general considerations

Personal care
by highly professional self-managing teams:
the fast growing Neighbourhood Care

by Wim Sprenger (Opus 8, the Netherlands)

Small teams in a taylorized sector – Dutch home care on the move

Health care has to a certain degree been privatised since years in The Netherlands. Most hospitals and academic hospitals are still under government control, although private clinics have been developing during recent years. The government controls the prices of medical help by doctors and provision of medicine (pharmacies), even if most of these services have private owners.

Elderly care and home care are relatively more privatised. The state still can influence general principles, general wage levels and the system by which these activities are financed. It decides which of these financial elements are collectively funded (by taxes or obligation to be part of an including insurance system).

However, private companies are allowed to enter the market, bid for concessions with local public authorities and compete on price and quality.

Within home care this has resulted in taylorisation of home care activities, the development of huge institutions offering care, clients being served by a vast group of incidental carers or cleaners. This industrialisation of (home)care services has led to broad discussions about quality and sustainability of professional care. These discussions have intensified since the beginning of the economic crisis as the national government and local authorities have been cutting budgets for clients as a result of austerity politics. For the future the perspectives are even worse, now that the new coalition government of liberals and social democrats has agreed on further cuts in budgets. Those suffering from chronic diseases and old age handicaps have been told they will more dependent of family and non professional care in the years to come.



In 2006 Jos de Blok, a former health professional, frustrated with the poor quality and ineffectiveness of formal care services, initiated Buurtzorg (Neighbourhood Care) as an alternative. Without success he had tried to change existing home care organisations as a manager. *“The crisis had not really showed up then, but I knew we could not afford to continue like this. In the US people speak of the ‘health care bubble’: a system creating incentive for more and more care consumption, as the planners operate far from their clients and are busy with the survival of their business. Moreover the prospects for the future labour market in European countries are worsening. There will not be enough professionals available to provide the care needed as a result of ageing workforces and professionals moving away from their profession, disappointed by the impossibility to maintain and develop their professionalism within these huge industrialized institutions.”*

8 principles for self-managed local care teams

De Blok and a group of sympathizers developed Neighbourhood Care, based on 8 principles:

Employees of Buurtzorg manage their work by the principle of care independence (1), finding a solution together with the client and his or her ‘care system’ in order to make care (2) unnecessary as soon as possible. The care will be provided by a provider with the highest possible level of expertise. This should give a client esteemed concern. The (3) personal relationship between caregiver and client is therefore a key stone of Buurtzorg.

In the organizational structure of Buurtzorg self-managing local teams are the dominant element (4). The teams are supported by (5) innovative ICT applications and by regional coaches. There is (6) no management layer controlling or organizing the care. The central office in Almelo (in the eastern part of the country, where de Blok started his initiative) supports these teams in issues such as indication/assessment of the clients situation and needs, medical insurance conditions and municipal tender procedures, labour contracts and client administration. Starting point is (7) ‘keep it simple’. The system should be based on trust (8) and not on management forward control.

Buurtzorg organises and facilitates self managing teams of 5 to 12 professionals, each team concentrating on care in one quarter or neighbourhood, and offering patients and elderly people high standard care. Each team can be reached 24/24 by (potential) clients and is taught how to organise permanent accessibility for clients, doctors and hospitals. Once registered, the client no longer has to deal with an ever changing collective of carers from a big organisation, but in principle gets care from a small number (1 – 5) professionals. In fact this idea intends to combine patient interests



and professional interests in a new model of servicing. Co-operation with other neighbourhood professionals like doctors is high on the agenda. This should in the end save money and cut costs, as teams are anticipating on specific needs preventing very expensive care in a later phase.

A fast growing business

In its first complete year of existence, 2007, Buurtzorg had 57 employees in 13 teams and served 540 clients. Two years later Buurtzorg employed 2100 employees, working in 215 teams. In 2010 the number had risen to 3000 employees, working in just over 300 self-managing teams. At the end of 2011 4300 employees provided care from 410 teams. And in spring 2013 these numbers were around 6000 employees – 95 % women – in 545 teams. The employees are covered by the sectoral collective contract and get training facilities from the company to improve their professional skills.

During the first years the main employee category consisted of experienced nurses of 50 years and older. Among them managers who had *'fled from practical work because of frustration, and now wanted to be back in their profession on a self-managing base'* (Interview Jos de Blok, 2013). Recently a new group of employees enters the company: youngsters, fresh from VET of higher education.

Per month on average 10 locations and 100 – 150 employees join Buurtzorg. Partly the growth of the number of teams is a result of team decisions to split up. 5 % of the employees leaves the business yearly because of age or career steps. The illness rate rose from 3.9 (2010) to 4.4 % (2011), but is still substantially lower than the 7% in the Care sector as a whole.

The relations with local doctors are in general good and productive. More difficult is the co-operation with hospitals. Their 'transfer points', the departments organising transfer from hospital to home care, are mostly staffed by people from 'traditional' home care providers, who still prefer to move the clients to their institutions.

However turnover of Buurtzorg rose quickly: from just over €1,000,000.00 in 2007 to €129,000,000.00, four years later. It is expected to be about doubled again in 2013. Hourly costs are relatively high for insurance providers and the state (AWBZ, General Law on Specific Illness Costs).



But the time spent per client is lower than average in the sector for two main reasons:

- overhead is extremely low with 25 employees at headquarters plus 20 'in the chain' (mainly coaches and advisers) – thus 99% of the employees work in self-managing teams and are directly productive. Although each team is accessible 24/24, productivity per team is on average high: 57,9% in 2011 with an expectation of rising to 60% in the coming years. For an hourly tariff of € 55,50 high qualified care can be delivered by each of the teams
- the number of hours care provided per client is lower than average, in particular the care for the 3000 terminal patients helped at home in 2011. As Buurtzorg teams do not 'follow' the official indications for the quantity of care needed, in general the team spends more time during the starting phase with a client (home visit of the client with more than one team member; team indication of help needed, investigation of the networks of family/neighbors/friends and neighbourhood professional carers like doctors and specialised institutes). But teams tend to be 'cheaper' in the number of hours spent per client, as the team is focused on maintaining clients' interdependence by using family and local networks and restricting its own services to those really needed and asked for by the client.

In 2009 Ernst & Young analysed the business model and performances of then still small Buurtzorg. Its main conclusions:

- Buurtzorg provides more effective and more efficient care than traditional care providers ('better care'), as it spends less hours per client, has shorter throughput times and diminishes the so called unplanned (crisis) care
- Buurtzorg also organises more effective and efficient ('cheaper care'), as a result of higher productivity, lower overhead and lower illness rates and lower staff turnover (Ernst&Young 2009)

In 2012 Buurtzorg was awarded Best Employer of the country in the category of 1000+ employees institutions for the second consecutive time. Employees' satisfaction scored 9 out of 10 points, 'involvement' scored even a 9.7.

Recently Buurtzorg has added new services to its package, closely aligned with Buurtzorg teams:

- Team based private services for clients like helping with shopping, doing the dishes, walking the dog, cleaning the balcony – provided by a team for a standardized tariff (Buurtzorg 2013)
- Team based Youth care
- Team based Psychiatric help at local level



Essentials of team based care (input for the next three paragraphs mainly comes from van Dalen 2012)

Buurtzorg does not control or manage its teams in a hierarchic way, even in the start-up phase. The span of control of each team is restricted by two elements:

- a framework and guidelines for setting up a team
- the 'rules of the game' for BZ as a whole

Van Dalen, who spent two years participating/researching in the developing Buurtzorg (2008-2010), summarizes these rules of the game:

- a mix of competencies (levels 3 – 5, nurses and nurse's aids)
- a maximum 12 team members – when more people want to join the team should split up or a new team with a new local territory should be formed
- 40 – 60 clients from 15,000 – 20,000 inhabitants of which at least 17% over 65
- the team can carry out the whole of nursing and caring needed, including permitted medical technical treatments; it is responsible for organisation and justification from intake until 'out of care', co-operates with local doctors and is in contact with hospitals, other institutions referring clients and (informal) care providers
- all team members are responsible for the co-ordination of the work
- teams divide tasks and activities mutually
- regular team discussions have to be organised (about clients, planning, team co-operation, co-operation with other stakeholders, work organisation)
- teams plan intervison sessions, reflecting on (difficult) care situations, dilemma's, their own role in it)
- teams provide an annual plan (which activities directed towards clients and quality, training of team members, care organisation, new solutions for experienced problems)
- team members are responsible for maintenance of personal qualifications and individual professional development; teams can spend 3% of their wage sum for training and development – 1% for regular formal courses, 2% depending their own views



- a productivity guideline for a stable/experienced team is between 55 and 60% of its time
- decision making in the team is by consent, the teams as a whole is responsible for its results (supporting regional coaches help teams do this by suggesting a consent decision can be temporary, and will then be evaluated and eventually changed; a nurse: *'In my previous job the manager always decided after consulting us. The decision was often for a long period of time. If people disagreed they fled into desobedience. Me too. It's good that we agree upon a point and then try out if it works in practice. If it does, it's ok. If it doesn't we can adjust it. Once the responsibility is your own, you make your own choices and want to honour them.'*

Role and position of the coaches

The regional coaches have no hierarchical position towards the teams. The support they provide tends to have five dimensions:

- practical support at the start, when new members are sought (but still decision making on the actual selection of a new member is a responsibility of the team only)
- help reinforce team processes
- call attention to team problems not (yet) seen by its members (tendencies within hourly work registration of the team, how to do this more effectively, point out latent tensions in the team and make this open to discussion)
- reflecting the work and behavior of a team from the general Buurtzorg vision, without pushing or forcing the team to change its orientations
- eventually take responsibility for personal problems in a team (long term illnesses of team members and the legal procedures to be followed, team conflicts and eventual 'solutions' by moving people to other teams or to a job outside Buurtzorg)

A coach: *'I now act totally different from the time I was a care manager, and I also look different. Despite having more distance from the team in a way, I now have much more feeling for what is really at stake.'*



Buurtzorg 'headquarters'

Headquarters in Almelo provides services and knowhow for the teams. Since 2008 a virtual network has been installed. *Buurtzorgweb* is accessible for each individual team member. Actual information, practical support for teams and team decisions, relevant knowledge can be shared. The web facilitates teams in their administrative and formal responsibilities. Once a client has been taken in by a team and got an intake module, a copy is sent to headquarters. From here the external financiers are served. Team members register the number of hours spent on a client on *Buurtzorgweb*, and 'Almelo' translates these data into declarations. Each month's productivity data of all teams are available for each employee. Teams can compare their productivity rates with other teams. They thus can decide to consult teams with higher rates about improving productivity or introducing better time registration systems. The web facilitates discussion forums and exchange of knowledge or network relations.

The work of the central administration in Almelo is based on the assumption that 'team practice is leading': administrators should be accessible for team members, react quick and look for solutions fitting teams' daily work processes. Buurtzorg tries to restrict special 'support staff jobs' to the minimum. This should help and challenge teams to:

- maintain ownership of problem and solutions
- produce situation specific solutions instead of general policy making for the whole company
- flexible decision making: in case the solution does not work out, teams can directly take action

Social dialogue – self management and the Works Council Law

In principle trade unions are positive about the Buurtzorg concept. Strengthening craftsmanship and professional development for care workers is certainly in line with what members and officials promote themselves. The same for the tendency to stop building bigger and more Taylorized care organisations. Moreover Buurtzorg employees are paid according to the sectoral labour agreement the unions have negotiated, and invest in their own training and development. In general new employees get an open ended contract with Buurtzorg after the first two months, which gives more employment security than in other organisations.

However there are also critical reactions. The fact that employees themselves take responsibility for division and intensity of care can be threatening. In a union meeting



reactions on the Buurtzorg organisation were positive, but strengthening the role and influence of clients was also seen as partly problematic for care employees: *'Together with the client and/or family you can decide on what is responsible care at a certain moment. Nowadays we see client organisations claiming more influence. The union should have a policy towards these developments. Not totally against it. But together.'* (CNV PubliekeZaak, 2012)

The self-managed teams in combination with a very lean support system has also created difficulties in following up regulation on works councils. As teams decide on most issues regarding their own work (organisation), Buurtzorg has not chosen for a regular works council, dialoguing with the direction of the organisation. Instead, four times per year regional employee meetings take place, in which employees meet and discuss actual and future tendencies. Buurtzorg claims this is in line with the legal obligations. However some unionists see this as weakening employee countervailing powers and the position of works councils in general.

Internationalisation of the model

1 December 2011 Buurtzorg helped start a Swedish initiative, inspired by the Dutch example. GrännvardSverige AG in Bälsta (<http://www.grannvard.se>) seems successful. This year 10 Swedish self-managing teams will be operating.

Initiatives have been taken in USA and Japan to follow the Swedish example. Director de Blok expects the first experiments in those countries will be starting in 2013 or 2014.

Conclusions

Self-managing local teams in care, as initiated by Buurtzorg, not only tend to improve the quality of labour and work satisfaction for the professionals working. They also seem to produce more satisfied and care-independent clients and clients relatives, as well as effective and cheaper care on the long run. These effects are not reached by rising the level of external flexibility, employing lower educated employees or lowering hourly wages and secondary labour conditions. Based on multi skilled local team decision making and a very low overhead, the Buurtzorg case could be an alternative for ever lower standards and care fragmentation in public services as a result of crisis and restructuring.

Trade unions are positive about the initiative, but also see dangers. In particular the change from works council towards employee meetings is seen as a threat for the



system. Still many unionists are among the new groups joining Buurtzorg every month. It is to be seen what their input will be in future union policymaking in care.

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Part 2

Mobility and job transitions
Have the public sectors across Europe
continued to be exemplary employers

Transverse Analysis
Articles



Mobility and job transitions across Europe

Transverse analysis

by Gernot Muhge (IAT, Germany)
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Introduction

A common feature of the public sector in many European countries is that they share a common history of high employment security and preference of internal labor transition when facing restructuring. This would suggest that public employees still are in a situation where public employers tend to take more responsibility for the employment security of their employees than comparative employees in the private sector, as is the case in for example Germany. However, this is a situation seems to be more related to the history and traditions of the public sector, rather than being determined by any legislative framework or collective bargaining. Because of this, and as examples such as Portugal suggest, the historical situated norm of high employment security in the public sector might be vulnerable for external shocks, in which initiatives of restructuring the public sector are legitimized through external pressure and is organized by the imitation of private sector restructuring practices: This is similar to the description of how the recent economic crises rapidly has transformed the way restructuring is dealt with in the Portuguese public sector (Plexe, 2013). Furthermore, such development might be accompanied by some of the critic directed towards the high level of employment security in the public sectors, that suggests negative effects for employees such as lock in effects, segmentation of employees in the internal labor market by hidden unemployment and finally the stigmatization of public employees. However, between the traditional model of high employment protection and internal labor market transition and a liberal, market oriented approach towards restructuring imitating the private sector, a third European model has been developed that put less emphasis on the employment security among public employees and instead is focusing on supporting and enabling employment transition by using the services and support provided by job security foundations and transfer companies



Job security councils

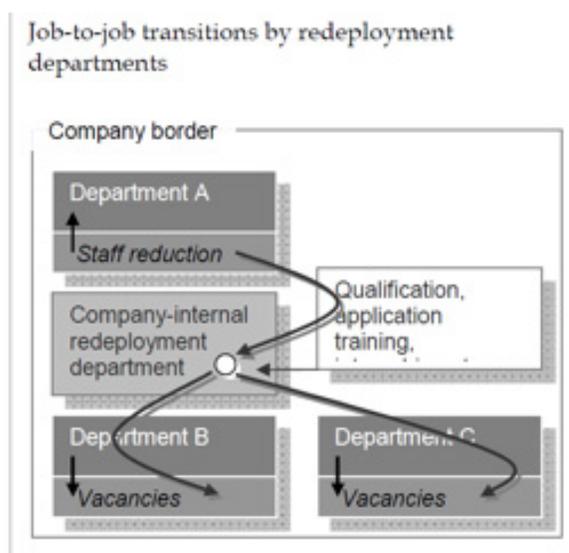
Sweden is probably the European country where job security councils are most systematically put to use as a tool for facilitating restructuring and providing transition measures in the public sector. The Swedish system is based on collective agreements between social partners, in which the rights, responsibilities, services for individual employees are defined and regulated. These so-called Job Security Agreements, negotiated between the respective social partners, are general agreements that provide a framework for how restructuring should take place in their respective segment of the labor market. In total, there are 28 Job Security Agreements in Sweden, covering most parts of the labor market. These agreements display a great diversity which may not be fully explored at length in this report. For a good overview and in-depth analysis of job security agreements, see Sebardt (2006). However, a common feature in the agreements is the establishment of permanent Job Security Councils, organizations responsible for organizing and providing the services stipulated in the agreement. Job security councils are financed by employers paying a fee based on their labor costs, but the use of the services is equal for all members of the job security council. Thus, the job security council operates as a form of insurance, distributing the risk and costs of restructuring among its members. The job security agreement normally stipulates three different types of support: preventive measures, job search support and financial support. The preventive measures are aimed at ensuring continued employment in a situation where the employee faces a risk of redundancy and includes training and development activities aiming at qualifying the employee for continued employment. Job search support is provided to redundant workers in order to find a new employment at another employer than their current and includes assistance for preparing personal profiles, developing individual activity plans, job-seeking activities, etc. In addition, TS provides two types of financial support to redundant workers. The first type includes compensation to workers during an introduction period with a new employer; support for starting up a new business or additional training activities. These forms of support are decided on an individual basis dependent on the expected needs and effects. As the job security agreement is introduced into the public sector in exchange for less employment protection, its legitimacy rests heavily on its ability to actually provide job transition. Today over 80 % of their clients have found a new job or another solution, such as studies or early retirement within 9 months of their first contact with the job security council.

Job-to-job transitions in the internal labor market

Beside job-to-job transitions to the external labor market, particularly big companies and public administrations facilitate employment security and the prevention of unemployment by focusing on flexibility in the internal labor market. Its basis is so-called Redeployment Departments (RD) for the promotion of internal job-to-job



transition. In general RD support redundant workers being still employed by the company or public administration, they offer consulting, qualification and training, job search support and internships. Among the IRENE network, studies on RD and internal job transitions have been carried out in Sweden (Bergström 2006; Diedrich/Bergström, 2006), in Germany (Kirsch/Mühge, 2010; Mühge/Kirsch, 2012) and also in an international comparative perspective (Mühge, 2013).



Job-to-job transitions by redeployment departments

The task of RD can be briefly explained by the description of the redeployment process. It starts with a staff reduction decision and the selection of workers in decreasing line departments. After the decision who to go is made, the redeployment department bears the responsibility to place the workers concerned to vacant job in other departments of the company of public administrations. In practice the support provided by RD is very similar to outplacement services on the external labor market; employment departments typically access the "usual" means of labor market policy like consulting, training and job search support. RD can also provide incentives to line managers to favour participants from the RD in recruiting decisions, i.e. covering personnel costs temporarily when the placement/recruitment was successful.

In the public discourse on labor market policy or on human resources just low attention is paid to job-to-job transitions in internal labor markets: „Internal job transfers are an understudied human resource practice“, Dineen et.al. (2011) notice with regard to international research on human resource practices. On the basis of quantitative data from Germany 2006, Kirsch and Mühge consider RD as an „underestimated instrument“ (2012: 78) in contrast to its quantitative meaning, also Niewerth and Mühge (2012) arrive at a similar conclusion on the basis of updated data. Niewerth



and Mühge show that RD are strictly a phenomenon of big or group companies and public administrations, 8,3% of all companies and administrations of more than 1,000 employees in Germany have established a redeployment department; and these organizations hold approx. 25% of total employment within this size range of companies. In other words, (for Germany) each fourth worker in an organization with more than 1,000 employees can use the service and support of an internal redeployment department, when her or his job is threatened by restructuring. Therefore, for the example of Germany, RD can count as a common HR instrument to provide social security and to cope with job cuts and permanent downsizing processes of companies and public administrations (Mühge, 2011: 74).

In comparison to job search support on the external labour market, i.e. as the Swedish Job security councils do, internal job-to-job transitions are facing particular intra-organizational obstacles. One of these are contradictory selection criteria in redundancy and recruiting decisions; a second obstacle consists in diverging interests of the RD management and line managers according to selection decisions. Both bear the risk of stigmatization effects concerning the redundant workers to be supported by the RD and a emerging segment of (hidden) unemployment within the company or public body. On the basis of case studies in Sweden and Germany (and Japan) Mühge (2013) has identified different pathways to succeed with internal job-to-job transitions.

In Sweden, the employment systems of big companies and public administrations can be characterized by a high level of internal flexibility, embedded in a flexible external labor market in a highly developed welfare state (Zierahn, 2008), a balanced wage structure due to collective agreements and labor market performance (Lindeberg et al., 2004). The Swedish employment system can be compared with the “hybrid” character of the German employment system and its typical duality of internal labor markets and professional external labor markets (Sengenberger, 1987; Wächter, 2002). Welfare state principles are also part of the corporate culture and the human resource management of Swedish employment organizations. “Good employer-ship and making goodwill in relation to the trade unions are motives for Swedish employers to attain job-to-job transitions for their employees” (Borghouts-van de Pas 2009: 13). Case studies in Sweden about RD observed the state-owned companies Vattenfall SA (Bergström, 2006; Mühge, 2013) and TeliaSonera SA (Diedrich/Bergström, 2006; Mühge/Kirsch, 2012; Mühge, 2013); both cases represent companies and public bodies under high cost pressure in a dynamic sector and under sector specific decline. In both cases RD supported the redundant workers by training and job-search-support not only to the internal, but also aiming at the external labor market. The internal job transitions support at TeliaSonera AB and Vattenfall AB follow market principles of personnel allocation (Mühge, 2013). Redundant workers attended by the RD compete with internal and external candidates for vacant jobs; the decision about who is recruited or made redundant is built by the line management mainly. In difference to Germany, Swedish RD do not try to influence the management’s allocation decisions on the



line level, and they accept the competitive disadvantage of “their” redundant workers in recruiting decisions. But, an important “valve” for the RD concerning workers, who couldn’t enter an open job in the company, is the external labor market. Thus job-transitions support by RD in Sweden is two-fold, it could be either a new job in the internal or on the external labor market.

Compared to Sweden, the approach of RD in Germany is mentioned as negotiated job transition support (Mühge 2013; vgl. Knuth/Mühge 2008). Particularly for the public sector, but also for big companies, live-long employment is an important role model for the employment system. Case studies in Germany stress the rigidity of external boundaries of employment organizations in these segments. Tasks and competencies of HRM and personnel allocation are widely decentralized, hence autonomous line departments and their management build decisions about recruiting and the question whom to make redundant (Oechsler, 1997 and 2004). In Germany, HR decentralization, rigid boundaries to the external labor market and a high level of employment security in the public sector are the basis for negotiations between RD and line managers concerning each job-to-job transition and the internal recruiting of RD participants. In difference to Sweden, German’s RD can capitalize strong power resources in company internal micropolitical games and, over time, gain a strong position in the negotiation with line managers. But pressure on German RD is even high, since they are threatened by developing a segment of company-internal unemployment: Since German RD do not utilize the external labor market for they transfer activities, redundant workers with low employability bear the risk to fail finding a job in the internal labor market.

Conclusions

On the surface, this brief transversal analysis focuses on two different approaches to cope with restructuring in the public sector; which is outplacement services by job security councils or transfer companies on the one side, redeployment support for redundant workers on the other side. In fact, it is a continuum of labor market services for redundant workers, beginning at internal redeployment, and via the combination of internal and external, ending at “pure” outplacement. The workshop pointed out the advantages provided by the mixture between redeployment and outplacement activities, which was particularly demonstrated by the Swedish model of redeployment departments. The combination of internal and external labor market support is not only applicable to provide a high level of flexibility for the company under rules of employment security, it also can provide social security for the redundant employees and finally it takes also into account the intra-organizational complexity and the needs of the different actors concerned, particularly according to the line and the RD management.

Similar to restructuring, which is often mentioned as a continuous phenomenon, also



cross-national learning on restructuring in the public sector is a continuous process that is worth to continue. Of course, "caution is required when crossing the boundaries of the nation-state" (Sebardt, 2006: 540), but understanding employment protection, institutional frameworks and support traditions for the victims of restructuring among European countries is a key issue for providing innovations that expand of the range of flexibility schemes and social security for public sector employees.

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Mobility and job transitions across Europe

The redeployment department in Public sector in Germany

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An important HRM instrument providing employment security in restructurings in the public sector are job-to-job transitions in internal labour markets by so-called redeployment departments (RD). The object of RDs is the prevention of dismissals and unemployment in the management of staff reduction. Their task is the transition of redundant workers on vacant jobs in the internal labour market by consulting, training and internal job search support: "We are the public employment service within our company", states the CEO of DB Job Service, the RD of Deutsche Bahn, Annett Klingsporn.

Redeployment departments play an important role for the flexibility management of companies and public bodies in Germany; the employment protection provided by RD covers more 25% of employment in companies and public administrations with more than 1.000 employees in Germany (Mühge/Kirsch 2012). Experts and researchers did not pay much attention on redeployment. Dineen et al. (2011) state that "Internal job transfers are an understudied human resource practice". Using quantitative data from 2006, Kirsch and Mühge conclude that RD are an „underestimated instrument“ in contrast to the practical importance for the labour market flexibility (2012: 78), also Niewerth and Mühge (2012) came to the same conclusion on the basis of data from 2011.

Lots of RD in the public sector were set up in the 1990ies in times of cost pressure driven modernization, combined with criticism of public tasks, reorganisation and staff reduction. Generally spoken, RD are the result of negotiations between the works councils and the employer. From the works council's point of view, the aim was keeping the high level of employment security, and they succeed: RD are an efficient tool to provide social security in restructuring, RD prevent redundant workers from the risk of dismissal and the external labour market. This is shown by empirical data in a ten in-depth case studies in companies and public administrations in Germany (Kirsch/



Mühge 2008; Mühge/Kirsch 2012), three case studies about internal job transitions in Sweden and Japan (Mühge 2013), and, last not least, by two national quantitative surveys in 2006 and 2011 (ibid.; Niewerth/Mühge 2012).

Main obstacle of redeployment departments: The basic dilemma of internal job-to-job transitions

When it comes to company-wide personal mobility, the different actors within a company do not act in concert – this is a main result of our qualitative work. Even if the company-wide placement of workers seems to be rational from the company's perspective, the interests of the line management are contradictory to the RD's interests in crucial aspects. This contradiction, which can be denoted as “basic dilemma” of redeployment departments, occurs by the selection criteria when it comes to job destruction on the one side, and job creation on the other side. Consequential the actors are (1) the line management in decreasing departments and in lay-off decisions, (2) the management of line departments with staff requirements, and (3) the redeployment department, its management and consultants.

If the job destruction is not caused by the closure of an entire department or organizational unit, but by a part of the department's workforce which is to be made redundant, it comes to personnel selection. After tendencies of decentralisation, it's clearly the line management who has to build the decision who of the workers has to stay and who to go. Their interest is to improve the department's performance; selection criteria is keeping (top) performers and dismissing these with a lower performance. The latter ones are selected and given to the redeployment department. It's a negative selection of workers when redundancy occurs.

The second decision of selection has to be made in case of recruitment. The interests of the management concerning the recruitment of personnel can be described as follows.

- The recruitment should be based on a as wide as possible scope of candidates, which also includes the external labour market. The line management is looking for the “ideal candidate” (Windolf 1986), and a broad reservoir of job candidates – so the expectation of the management – rises the probability of a sufficient staffing. All regulations which limit the management's freedom of choice will be seen in a critical way, particularly when the recruitment is restricted to the pool of candidates from the redeployment department, which are stigmatized as “lemons” (Gibbons/Katz 1991; in the context of RD: Mühge 2013)

- The job vacancy should be staffed by department internal personnel. In that case the management wants to use vacant jobs for intra-department job ladders for “deserved” employees with a high potential of development. That is why departments can be understood as internal (sub) labour markets, which



have a limited number and particular rules concerning their ports of entry. The promotion of (horizontal) company wide mobility comes into conflict with such internal, formal or informal rules concerning (vertical) job ladders and entry conditions. Department-internal job ladders and individual career planning lose their reliability, when vacancies are used for the redundant staff from other departments.

- The redeployment department is the third actor in the process of company internal job-to-job transitions. The objective of its managers and consultants is the direct job-to-job transitions of workers made redundant to new internal jobs across the internal department's borders. From this it follows that the redeployment unit has to cope with two obstacles: At first the balancing of the contradictory interests between supply and demand and the related selection criteria of the management. A second obstacle is related to the distribution of power and resources: Overcoming the conflicting interests affects the question, which actor within the firm has the power to control the ports of entry and exit within the company departments and internal sub labour markets.

Additionally, the effectiveness of redeployment departments is influenced by tangible power interests and also cultural factors of the company. Both quantitative (Niewerth/Mühge 2012) and qualitative data (Mühge/Kirsch 2012) show that the implementation of redeployment departments is always connected with new distribution of power resources concerning the scope of decision making on the side of the department's management and concerning the allocation of workers.

One example for the loss of power resources is the HRM instrument of hiring freeze concerning recruitment from the external labour market. It is a frequent rule, which can be essential for the effectiveness of redeployment departments, and which does not find much favour among the department managers. Quite the contrary case studies and expert interviews with personnel management on department level show that such rules trigger an enormous potential of creativity to deviate from the restrictions. The management's means are using connections to the top management to receive an exception, or to describe a vacant job in a way that nobody on the internal labour market could or would take it – hence recruitment from the external labour market is inevitable. This is an example for a typical micropolitics and games of power, taking place on the levels of signification, legitimation and based on allocative and authoritative resources. For the efficiency of RD in the public sector, so our qualitative and quantitative results, the authoritative resource endowment of the RD is decisive.



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Mobility and job transitions across Europe

Experience of a “mobility process” carried out
at the Portuguese Institute of Social Security
(ISS)

Carla Peixe – Portugal

Introduction

In Portugal, according to the Stability and Growth Programme, during the period from 2005 to 2009, the Government invested heavily in a growth strategy based on the rationalisation of its resources and the improvement of quality services provided by the public administration to citizens, businesses and communities.

The Program for the Reduction of the Central State Administration (PRACE - Programa de Redução da Administração Central do Estado) was then approved in the scope of which the objective to proceed to a reduction of more than 30% of organic structures was created, at a macro a micro level.

In 2006(1), a law approved the procedures for the extinction, fusion and reorganization of public services. In the same year, the Parliament passed the law on the improvement and value of human resources within the scope of the PRACE, the mobility between public servant's services and agents of the Public Administration (2).

This Act was introduced to regulate the mechanisms of redeployment when there's transfer of duties or responsibilities between agencies of the Central Administration of the State and the creation of a special mobility service for situations where reorganization is not possible to maintain or reallocate staff.



With this text, we seek to share in this workshop, the experience of the co-implementation of these two types of processes in the ISS:

- restructuring and taking in assignments and redeployment of an extinct organism under the Ministry of Justice - The ISS - which occurred between 2007/2008
- placing ISS workers in special mobility by voluntary option, following the previous definition of requirements by the Cabinet members responsible for Finance and the Public Administration in 2009.

We must, however, say that this is merely a report of personal perspective of former HR responsible for the ISS, without institutional character, that do not want to serve as an example or provide answers to any questions, but only what any practical application of legal regimes or replacement personnel management systems in a restructuring process of public services may raise.

The impact or consequences on the organization, employees and social dialogue is implicit in the account of this small retrospective of the recent history of the ISS.

Transfer of competences and personnel from the former Institute of Social Reintegration to the ISS

The ISS is a public institute with financial and administrative autonomy, in a nationwide scope, with geographic organization based in the 18 territorial districts. It was created in 2000, the year that the 5 Regional Centres of Social Security and the National Centre for Pensions were extinguished by merger; resulting from a strategic change based on replacing the old paradigm welfare for a new model of social protection.

The restructuring that this IP went through in 2007 under the PRACE (the 2nd after its creation) had as its fundamental aim *“building a third generation of social policies guaranteeing the economic, social and financial aspects of the social security system.”*

It was in this context that the ISS incorporated much of the assignments of 4 extinct organisms, fused and /or restructured: the Institute of Social Reintegration (IRS), the General Directorate of Social Security (DGSS), the Department for International Social Security Affairs (DAISS) and the National Centre for Protection Against Occupational Hazards (CNPRP)

ISS had then about 14 thousand workers.

The powers that were transferred from the IRS to the ISS were in the operational



Justice area regarding civil juvenile: unofficial investigation of maternity or paternity; regulating the exercise of parental authority; judicial delivery of lesser; technical support, complementary to the courts, etc..

The ISS were responsible for implementing the formal procedure of “fusion” and the preparation, in 60days, of lists and maps with the description of activities and procedures, the indication of Jobs Needed(PTN) compared with the number of staff in business and the projection of financial/budget with manpower costs.

17 Key main activities to be transferred and identified the need for more than 150 PTN distributed by five technical careers and areas north and south of the country were described, which represented an increase of 40 PT relatively to the present IRS.

The justification for this need for additional staff in the career of Senior Technician was made according to the IRS’s own indicators on the percentage of outstanding orders made by courts that were unanswered from year to year.

Staff costs were reported by the IRS by reference to the categories of workers who were developing the activities in question.

At this stage of the process, as can be seen, all the data that informed about the situation originated from the IRS itself and its availability depended on the implementation of all procedures that the law allowed the ISS.

This was one of the difficult aspects of managing the outset. The time schedule, provision / reading data and the needs / specific cultures of each organization consumed most of the process.

Many meetings between main officials from both organisms were needed so as to get all technical and bureaucratic details right. What was supposed to be a purely formal compliance with legal requirements had become, inexplicably, a sort of negotiation process in which both organizations sought to make the most of resources in the transaction.

Besides this positioning of dispute which has arisen between the two organizations, the main difficulty felt by all concerned is the interpretation of the applicable law, a very comprehensive and complex regulation, but also with many gaps.

As it was recent legislation, unprecedented in its application, all questions put to the competent body to coordinate the activities of the Public routine administration remained unanswered and the process took place exclusively in joint function promoted between the two IP’s and their tutelage.

After approval and publication of formal elements, verifying that the number of PTN



was higher than the number of staff previously allocated to pursuing the transfer it was not necessary to make any method of recruitment and personnel selection and placement in special mobility.

The legally defined criteria for redeployment in this case was that only the performance of operational functions identified, so that all workers of the defunct IRS allocated to these activities should be carried forward to the ISS.

The people nominally identified, the process entered a new phase of development where everything became more complex and dynamic.

In the absence of any threat of losing business or reducing pay, the workers were still restless and somewhat misinformed about their rights and obligations. They knew what awaited them. All kinds of doubts and concerns arose, which some answers did not satisfy.

It took, from one moment to the next, anticipating their integration informally, calling them all to a clarification meeting with the President of ISS, and face to face offering possible answers with sincerity that was required at that moment. .

The fears on both sides, respected the specific careers that were being built and that did not exist the ISS, with special focus on supplementary compensation which earned as a responsibility of function.

None of the workers' careers in social work from the ISS, with whom it would work side by side, received any special consideration for special functions and hardship of the requirement of permanent availability.

For the ISS this was a serious problem to manage on the terrain, for the IRS workers it was a serious cause of anxiety.

The prospect of reintegration into a large organization like the ISS to continue to do what they do know, however ended by just appeasing workers.

None of them were represented by any union or association nor constituted committees representing their interests.

After about 5 months since the process had started the ISS had within their organization the majority of workers who were assigned to protect civil operational functions of the former IRS, developed a new activity with very significant pending unanswered processes to the Courts that, in those conditions, could only worsen.

More than a year after it was authorized by the Finance Minister at ending forcing Technicians for the area of social action.



In 2009 a legislative amendment which introduced a paradigm shift in HR management in AP, most special careers were extinguished, established the only way of binding the State and a single salary scale for general (ALL) careers.

“Special mobility” of ISS workers

Among the emblematic measures, but little scope for rationalization and reduction of the effective wage bill in the public administration, legislation was published in 2006, it created a new legal situation (particularly mobility) to place workers considered surplus in services public. When transitioning to this situation they were made available for admission to other public services that needed them.

For the duration of the special mobility situation, the workers had a low progressive maturity, which stabilized at 60% of the previous salary. During this period the workers should receive training to acquire new skills, so that they can more easily be requested by other utilities, returning again in the exercise of public functions.

In this framework, the ISS, like the majority of other public bodies, had to develop its share of “rationalization effective” hard-pressed situation by the Ministry of Finance.

This IP was, at the time, losing about 1,000 workers for retirement each year, not getting an effective replacement rate of over 40%, basically done by resorting to recruitment within the public administration, among most people that were already in an advanced phase of their professional life.

Being the activity of the Institute developed mainly by office workers, in a who rigorous analysis might have been slightly redundant at that time, their lack relatively short time horizon was easily predictable, given the legislative changes introduced at the level of retirements instigating workers to ask for early retirements, greatly reducing the effective compared to what would be predicted as a function of age.

So the strategy was firstly to facilitate and encourage voluntary workers whose functions could easily be outsourced, not affecting the performance level of the organization.

We conclude, after careful study of the staff map, who had a set of activities, in many cases inherited from the period when Social Security was not even on the perimeter of public administration, but the corporate system, which could be dispensed with, without affecting the performance and could easily be replaced with advantage by resorting to provide services.

These were cleaning services, gardening, car mechanics, watchmen, etc ... all services



that the market responds in efficiency, quality and price in an appropriate form.

The wage level of workers, which in most cases was close to the minimum wage, guaranteed salary in special mobility situation, allowed simultaneously in the case of the lower wages which were little affected, allowing these workers, if they wished to apply for extraordinary leave, allowing them not to return to the active life and allowing them to earn a financial grant lifetime and start new professional relationships.

After the work identification, an officer of the HR department was detached to meet with all employees, explaining to them the entire special mobility framework, allowing them to be informed, allowing them the option for special voluntary mobility. These meetings resulted in a membership of almost 100% of the relevant professionals..

Recent trends in public administration and in “special mobility”

Since 2007 until the present, the Portuguese Public Administration and its employees have been subject to a continuous process of change in the organic framework and legal environment in which they move.

There were two major changes in state bodies, resulting from two restructuring programs, PRACE(2007) and PREMAC(2011), which took place simultaneously with the publication of constant changes to the legal regime of state employees, of a very deep and broad.

They saw their professional status profoundly changed, which started with their own contractual relationship, that which followed closely the rules of private work, namely the possibility of firing, which so far only occurred with disciplinary grounds.

Initially these reforms and before the financial crisis and its persistence are clearly perceptible, they had a character of approach to private management, but containing measures to strengthen the managerial autonomy, passing the titular control, privileged by budget allocated

Since 2010 the trend is for the maximum concentration of powers in ministerial figures, including the Finance Minister, having been reversed somehow, in a certain way the placement of workers in special mobility.

Today, none of the processes reported for replacement workers, in order to rationalize resources, such as occurred in the ISS, could be performed in the same way.

The current version of the legislation concerning the restructuring of organizations and staff mobility, does not provide the option for workers to be placed in special mobility. This figure exists today only as a last resort. In situations of mobility in



the processes of extinction and fusion services workers are integrated into PT independently of their choice.

According to a November 2012 report entitled “Evaluation of the integrated management of special mobility” (3) there are 3.860 workers placed in special mobility since the 2006 Act came into effect, which defined this legal regime.

The picture that these workers translate says that it comes from people who are between 55 and 59 years old, with low education levels, who belonged to the operational careers.

In this cast, possibly former employees of ISS. We do not know. We had no carryover of the respective situations after completion, on behalf of this Institute, the respective processes.

It is noted by the readers critical thinking, so that we leave open, the conclusions of the report: “After more than six years of the special mobility scheme coming into effect just over 15% of workers placed in this situation resumed duties with employment contract in public functions indefinitely and a substantial number of employees in SME find themselves in this situation for over 5 years.”

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Mobility and job transitions across Europe

The Case of the Swedish Job Security Foundation for the government sector

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The Swedish system for providing transition measures in case of restructuring, is based on collective agreements between social partners, in which the rights, responsibilities, services for individual employees are defined and regulated. These so called Job Security Agreements, negotiated between the respective social partners, are general agreements that provide a framework for how restructuring should take place in their respective segment of the labour market. In total, there are 28 Job Security Agreements in Sweden, covering most parts of the labor market. These agreements display a great diversity which may not be fully explored at length in this report. For a good overview and in depth analysis of job security agreements, see Sebardt (2006). However, a common feature in the agreements is the establishment of permanent Job Security Councils, organizations responsible for organizing and providing the services stipulated in the agreement. Job security councils are financed by employers paying a fee based on their labour costs, but the use of the services is equal for all members of the job security council. Thus, the job security council operates as a form of insurance, distributing the risk and costs of restructuring among its members.

Trygghetsstiftelsen (TS) – the job security council in the public sector

Historically Swedish civil servants in the government administration had employment contracts that in practice guaranteed that they were to hold a lifelong employment with no or little risk of losing their job. However, as the public sector in the 1970s and 1980s more and more became the object of continuous reform and restructuring this principle, was from the employer perspective seen as problematic, non-functional and contra productive. Furthermore, this change in positions took place within a broader context of a shifting focus in the Swedish debate on restructuring in general; away from the question of if restructuring should take place towards a discussion of



how to organize restructuring in a responsible way, and were rooted in experiences of unsuccessful and expensive state interventions designed to support of a series large corporations' within the Swedish export industry. As a result of the employer's position, the government's employer association and the corresponding trade unions initiated negotiations and signed a collective agreement in which the union accepted to abandon the principle of lifetime employment in exchange for a Job Security Agreements that would provide transition services for government employees in case they were made redundant. As a consequence of this agreement, Trygghetsstiftelsen, TS, (the Job Security Council for government employees) was founded in 1990 to ensure that the requirements and activities stipulated in the Job Security Agreement was developed, organized and provided to those that were covered by the agreement. The purpose of TS is described as follows:

"When a government employee is given notice due to redundancy, it is our task, as far as possible, to see to it that he does not become unemployed."

As most other Job Security Councils in Sweden, TS is an insurance system regulated through a collective agreement. TS was founded by Arbetsgivarverket (The Swedish Agency for Government Employers and Partsrådet (The Central Government Social Partners' Council) in 1990. Approximately 230.000 government employees are covered by the Employment Security Agreement. Since its start in 1990 more than 96.000 employees have taken part in TS' activities and the annual inflow of clients varies between 2000 and 4000 people. The funding is provided by employers covered by the collective agreement paying a premium, currently 0.0355% of the labor costs (2011), a pot that can be used when any of the governmental organizations need to take advantage of transition support for their employees. The fees, as is the case with the other councils, are regulated in the Job Security Agreements and can be renegotiated. Representatives of the social partners are members of the TS board, half of which represent the unions and the other half appointed by the government, representing the employer organization.

The Job Security Agreement for Government employees

In the the Job Security Agreement it is stipulated that the agreement applies to all government employees that are redundant or has been given notice due to lack of work and to government employees who do not accept relocation. The agreement also applies to temporary employees if they fulfill the criteria of having one or more consecutive temporary employment and their overall period of employments exceeds three years within the last four years. Furthermore, the agreement stipulates the nature and extent of services provided to the redundant workers. There are three different types of support: preventive measures, job search support and financial support. The preventive measures are aimed at ensuring continued employment in a situation



where the employee face risk of redundancy and includes training and development activities aiming at qualifying the employee for continued employment. Job search support is provided to redundant workers in order to find a new employment at another employer than their current and includes assistance for preparing personal profiles, developing individual activity plans, job-seeking activities, etc. In addition, TS provides two types of financial support to redundant workers. The first type includes compensation to workers during an introduction period with a new employer; support for starting up a new business or additional training activities. These forms of support are decided on an individual basis dependent on the expected needs and effects.

The second type of financial support is defined as individual rights under the agreement and includes:

- An extended period of notice. The stipulated period, by law or under collective agreement, is doubled.
- Paid leave of absence when taking part of activities approved by TS, such as program activities, training activities and education.
- Income supplements if entering a new job with less pay.
- Subsequent job security, that allows workers to "return" to the job security scheme if he or she is laidoff from the new job within seven years from the time the government employment stopped.
- Supplementary unemployment benefits are granted to unemployed persons for whom the general unemployment benefit does not amount to a certain level of their previous salary (80%).
- Early retirement and pension could be granted to persons who have reached the age of 61 on termination of their employment.



Organization

TS as an organization employ about thirty people. They are located in seven different towns across Sweden and most of them are employed as “advisors” which means that most of their daily activities involve direct interaction with clients as they represent the link between individual clients and the transition measures defined in the Job Security Agreement. As advisers working for TS, they have a great deal of autonomy; they are free to make individual and far-reaching decisions independently, if and when they find it motivated. The role of the advisor is, however, restricted to provide support, advice and coaching. The actual responsibility for finding new employment always rests with the client.

“The activities of the Foundation are governed by one guiding principle, which is that redundant employees must be capable of seeking and finding a new job. Activities concentrate on supporting and strengthening redundant employees’ capability in this respect.”

TS work with job search support is structured around a set of different activities and programs that may, or may not, be used by the clients. When a redundancy is announced, the employer is required to notify the job security council. TS then initiates contact with the clients, either by visiting the workplace or that one of TS representatives contacts the employer and schedules an individual meeting. Any participation in the TS activities is, however, entirely voluntarily from the client side. The client is assigned a personal advisor and in their first meeting the client is presented with information that describes the role of TS and what type of support TS are able to offer clients and jointly describe the background, experience, qualifications, skills, preferences and interest of the client. The individual profile is used as the basis for the next step in the process - the development of an individual action plan. Based on individual preferences and needs, clients can participate in one of the foundation's group programs, follow an individual program or just pick the parts that they feel relevant. The aim with the programs is to provide clients with knowledge and training in search methods, presentation techniques, search paths, etc. TS also provide activities to support business startups and individual job coaching.

Results

According to TS, over 80 % of their clients have found a new job or another solution, such as studies or early retirement, within 9 months of their first contact with TS. About 50% of them found new employment with the government sector, 40 % in the private sector and around 10 % find new work within the municipalities.



Mobility and job transitions across Europe

Are older employees
a vulnerable group in restructurings?
A case study in a German Savings Bank

Birgit Köper, Janine Dorsch (BAuA, Germany)

Introduction

Changes in society and work settings are basically no new phenomenon, they are related to both chances and risks and may range from slight alterations to drastic changes which also affect organisational structures their routine organisation or even their existence (Trinczek, 2011). What we are currently experiencing, however, is an increase of acceleration and dynamic in changes, requiring adaptation and coping processes on different layers such as society, organisations and employees.

Against this background the article addresses the issue of restructurings and their potential health impacts on employees particularly on older employees assuming that these might have more difficulties to cope with the increasing demands in terms of adapting to permanent changes and might therefore be more vulnerable to organisational restructuring.

Vulnerability can be viewed from different perspectives, each of which helps address some fundamental questions about what vulnerability means in the context of restructuring. These questions can be summarised as follows:

Is vulnerability purely a function of workers' contractual relationship with their employer that is their status, in which case vulnerability might apply to a range of workers exhibiting entirely different characteristics?

Or is the key determinate of vulnerability certain characteristics, such as old age, which leave the worker more vulnerable?

Or is it a combination of both, where certain characteristics leave a worker more



likely to be in a more vulnerable status employment?

And are there some broader conclusions that can be drawn about what this means for certain types of workers when they are restructured (as pointed out in chapter 8 of this cahier)?

The HSE (HSE, CONIAL, 2009) for instance define vulnerability as a combination of high risk of being denied employment rights and low capacity of workers to protect themselves. This understanding refers to the idea that majorly precarious working conditions are related to vulnerability. Our hypotheses, however, that older employees might more vulnerable is based on both the idea that they are less capable to adapt to rapid change and the fact that older employees are less likely to get a new job in case they are made redundant.

It is these different perspectives that colour our understanding of which workers might be vulnerable and what that could mean in terms of restructuring.

Impacts of Restructuring on Elderly Employees

The ageing population across Europe makes it necessary to take a closer look at older workers' employability as well as their health and well-being. In recent years the policies in Europe aim to raise the employment of older workers. In the framework of the Lisbon process at EU level it was agreed to increase the employment rate of the population aged 55-64 years to over 50% by the year 2010. However, at the same time, older workers are often referred to as a "vulnerable group" in the labour market. The general image of older workers in our society is usually characterised by negative attributes such as lower performance, more down time due to illness and low skills, particularly in relation to new technologies (Künemund 2007, Grumbach & Ruf 2007). Therefore, personnel policy practices are often based on a negative age image, especially during restructuring. It equates to the corporate policy, when older workers were dismissed through restructuring measures. Thus, this approach led to early retirements of many older workers (Höpflinger & Clemens 2005). However, this "soft" form of restructuring/downsizing – often referred to as "socially compatible" - is no longer possible in the so far practiced dimensions because of national government initiatives closing early retirement routes due to the implications of the demographic change. The hypothesis is that these additional barriers to re-employment make older workers now especially vulnerable in working life.



Case Study “Elder Employees in companies experiencing restructuring”

The EU-project “ELDer Employees in companies experiencing Restructuring: Stress and well-being” has therefore picked up this assumption. Previous international research indicates that restructuring contributes to an increase in perceived job insecurity even amongst those workers who stayed in the company after restructuring processes. Hence, a survey should give more of an insight into the situation of older but also younger employees in restructured organisations in terms of stress and well-being. In the current crisis, the banking sector is under severe restructuring and was therefore chosen for the survey. One of the largest savings banks in Germany took part in the project. Savings banks basically have the task to offer secure and interest-bearing investments for everybody and to satisfy the local credit needs- the financial gain is not supposed to be the main purpose of the business. In general, savings banks are publicly owned, that is to say they are part of the public sector. In recent years, however, profitability got more important, so that there have been centralisations of units and considerable outsourcing measures.

Conduction of the study and sample

In September 2010, a questionnaire on restructuring and associated changes in working conditions was sent to different departments of the savings bank, which were restructured recently. 237 questionnaires were sent out anonymously, resulting in 117 responses by 37 men and 80 women. The respondents were divided into two groups, one of 72 younger employees between the age of 28 and 49 and the second group with 45 older employees from 50 to 57 years. For the purposes of our analysis the respondents were asked to assess their feelings towards their current and future situation at work and their plans for the following years. For a better classification of the results, the character of the restructuring process at this savings bank will be briefly specified. Neither the ownership structure nor the continuance of the organisation was at stake. There was no change, which significantly threatened the usability of the professional qualification. Restructuring was more a question of a corporate strategy and only few people had to face redundancy. However, for a greater part of the respondents the restructuring affected the work situation (partly in a positive partly in a negative way

Results

The result of restructuring – even if only few employees have been dismissed – is ongoing job insecurity (Hartley et al. 1991, Kivimäki et al. 2000). The perception of job insecurity may have adverse effects on health and thus the remaining employees cannot always be considered as the lucky ones. Physical and mental stress can arise from this



situation for the remaining employees (Kieselbach et al. 2009). Noer (1997) describes this as “layoff survivor sickness”. Job insecurity has emerged as one of the most stressful aspects of a work situation (De Witte 1999) and results from both situational as well as from a number of individual factors. There are consistent relationships between the perception of job insecurity and negative reactions such as work-related attitudes and behaviours and work-related stress symptoms (Sverke et al. 2005). Against the background of an ageing workforce the factor ‘age’ is particularly important in terms of job insecurity given that the personnel policies of many enterprises were dominated by early retirement or making older employees redundant for decades.

However, the assumption that the perception of job insecurity increases with age could not be confirmed in our case study. Rather we found that younger workers were more concerned about the security of their job. In total, almost all younger employees (93%) worried about the continued existence of their jobs in comparison to only 62% of older employees. The figures in the report “Restructuring in the Recession 2009” of the European Foundation for the Improvement of Living and Working Conditions also show that predominantly younger workers under 25 years were affected by job insecurity compared to all other age groups in the current economic crisis (Hurley et al. 2009). So when the respondents were asked about their perception at work in the past 30 workdays, the results show a higher physical and emotional distress for younger employees (see chart 1).

A fifth to a quarter of the younger workers indicated that they are tired at work, physically fatigued, physically and emotionally exhausted and burned out in comparison to only 5% to 11% of the older workers.

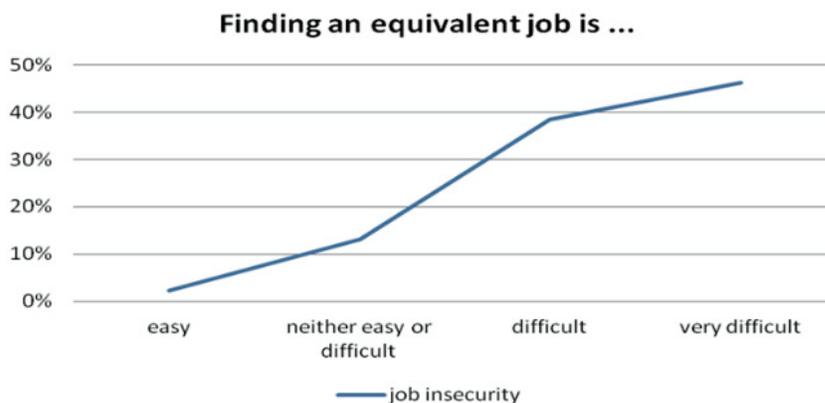


Chart 1: Physical and emotional aspects at work

When the respondents were asked whether stress had increased in the course of the restructuring measures, fewer older workers (20%) reported more stress compared to younger workers (40%). The analysis showed further that regardless of age, the personal assessment of how easy it would be to find a new job influenced the



perception of job insecurity: The more difficult the respondents thought it to find an equivalent job, the greater the perceived job insecurity was (see chart 2).

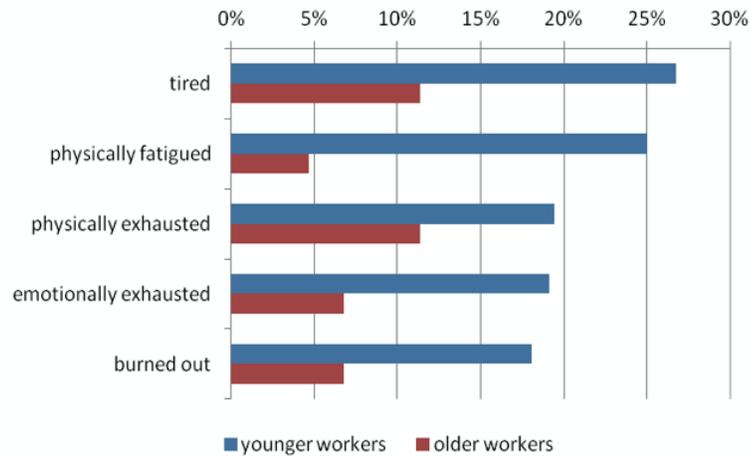


Chart 2: Correlation between job insecurity and assessment of finding an equivalent job

To confirm the results from the exploratory case study, we analysed additional data of the representative BIBB/BAuA survey 2011/12. The BIBB/BAuA employment survey 2011/12 is a representative national German survey considering the working conditions of 20,000 employees. Differences between age groups without and after restructuring were analysed. For this the workers between 20 and 64 (the retirement age in Germany is at 65 years) were divided into three groups: the younger workers (20-34 years), the middle-aged workers (35-49 years) and the older workers (50-64 years).

In terms of perception of physical and emotional distress the respondents, whose work environment were restructured in recent times, reported considerably higher mental and physical ailments. Between the age groups no clear effects could be determined. The respondents were also asked, whether stress had increased during the last two previous years. The results showed that in all age groups more stress was perceived compared to the pre-restructuring period. Younger workers seemed to have perceived the increase of stress-level less than the middle aged and older workers. However, there was no difference between the middle aged and the older workers.



Discussion

Restructuring increases the exposure to stress for all employees. In our analysis age was not related to different perceptions of stress or ill health. It should be noted that our case study was of exploratory character. The particular structure of the company, the corporate structure and the experience of previous restructuring processes may be responsible for uniform response behaviour. Hence, a larger and less homogenous group would be necessary to overcome some of the limitations of this study. Given the study's cross-sectional design the relation between job insecurity and the moderating factors it can not provide knowledge about the long-term effect of moderating factors for job insecurity. The diverse results of job insecurity and age suggest that the research design has to be considered in the interpretation of the results. A general problem is that the data of older workers can be affected by the "survivor factor" (Griffiths et al. 2009) meaning that older workers with a low level of job insecurity or low job satisfaction try to leave the labour market early. The "survivors" then report on a higher security and job satisfaction than those that have left early.

An explanation for the low level of job insecurity of older employees as opposed to younger employees could be that – due to seniority principles -workers with long-term contracts and therefore particular older workers hardly have to face layoffs in the German public sector. Based on German legislation (§ 1 KSchG, Abs. 3, Satz 1) job tenure is protective in terms of being made redundant. The European Restructuring Monitor (Eurofound, 2012) equally found, that employees with high job tenure are less likely to be given notice. A longtime affiliation with the company / the attachment to the company might foster the perception that the workplace offers protection against dismissal, although Mohr (2000) describes this as a naive conviction. Especially younger employees are more often temporarily employed and thus can be more easily dismissed than older workers. The principle "last in first out" is the reason for the dismissal of younger workers in the course of restructurings (Flynn, 2010). Moreover older people generally have better financial resources, which determine in the case of unemployment, how long a person can continue their life without restrictions, until a new job is found (ibid). According to the "alternative role concept" (Offe & Hinrichs 1977) members of certain groups of workers have socially accepted alternatives for the purpose of paid employment. Hence, for older workers this can be the option of early retirement.

It is evident when considering the current labour market statistics that particularly older workers continue to be a problem group (Bundesagentur für Arbeit 2010). There are still prejudices with respect to the performance of older employees (Sargeant 2001, Ebert, Kistler & Staudinger 2007). Yet the inter-individual variance in performance determines how long employees can be healthy and productive at work. Depending on personal circumstances, lifestyle, forms of support, working conditions, health promotion and further qualification of employees, the differences in the performance



of older employees are extraordinary. This may also explain why the results are not consistent in terms of the perception of stress. Thus, the assumption that older workers are vulnerable and more affected by restructuring could not be confirmed in our case study. The results do not suggest that older workers are more vulnerable in restructuring processes. Restructuring includes rather the increase of strains for all employees. It is therefore important to look at the stress factors in each particular case of a restructuring in detail to provide adequate working conditions for all groups of employees. We still know little about cumulative effects during working life. However, age-appropriate working conditions intend to prevent accumulation effects if possible and promote the employability of all groups of employees.

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Part 3

What did we see in terms
of social dialogue
in the public sector restructurings?

Transverse Analysis
Articles



What did we see in terms of Social Dialogue in the public sector restructurings?

Transverse analysis

By Leroi Henry (WLRI) and Philippe Archias (ASTREES)

The types of restructuring identified in the report have important commonalities whilst also reflecting the differing levels of social protection and political discourses in the countries involved. Restructuring in all cases involved the reorganization of work with mergers, relocations and centralization, work intensification and new work practices and relationships. In the UK and Bulgaria it also included privatization, outsourcing and job losses. Interestingly one of the key foci of social dialogue in all cases was to reduce (Bulgaria) or prevent (France and UK) compulsory redundancies through a range of measures.

Form of recent social dialogue

Although social dialogue is embedded in European Treaty (Articles 153 and 154 of the TFEU), there is no coherent framework to implement this at national and workplace levels thus our case studies showed radically different forms of social dialogue that mirror differences in industrial relations systems.

In France we saw local and national level tripartite meetings some of which produced binding outcomes and some did not. In Bulgaria there was an established form of tripartite social dialogue which led to new collective agreements between social partners. In the UK dialogue was institutionalised with working groups of workers and managers managing parts of the process of outsourcing and a senior union official being seconded to work for the council. This produced a range of agreements and informal working arrangements.



Issues addressed in social dialogue

Recent social dialogue in France has been around supporting health and wellbeing in the workplace in the reorganization of work. In the UK the key themes were avoiding compulsory redundancies and maintaining terms and conditions and systems of social dialogue in outsourced workplaces. In Bulgaria the main emphasis was to avoid compulsory job losses through developing a programme of voluntary redundancies. Other issues were also addressed in the collective agreement such as redeveloping job descriptions and salaries and devising the criteria for future staff reductions.

What are drivers of social dialogue in restructuring and at which period is it reactive and proactive?

The key drivers of the restructuring in the French and Bulgarian postal services were responses to European and national pressure to increase competition by opening the market to private sector operators, the crisis (in the case of Bulgaria), new technology and approaches to organization and a decrease in volumes of postage. In the other cases restructuring was driven by a political desire to improve service provision through either organizational change or outsourcing.

The drivers of social dialogue around restructuring varied. In the UK case study social dialogue was to prevent industrial conflict and in the area to be outsourced and to maintain good relations in the rest of the council and to facilitate a smooth transition in outsourcing. In both French cases it was clear that concerns around employee health were a key driver for social dialogue and interventions in restructuring. The Bulgarian social dialogue appeared to be driven by a desire to maintain industrial relations harmony in an area of very high union density.

In France and to a lesser extent in the UK politicians had responded to pressure; in the French case public discourse and in the UK perceived pressure from unions. This indicates that in the pre-crisis environment politicians had significant room for maneuver and could respond to concerns around restructuring in innovative and relatively resource intensive ways. The effects of the crisis are today most keenly felt in the public sector, where it manifests itself in austerity measures. These measures since the crisis in the UK and Bulgaria appear to have inhibited politicians room for maneuver which may have inhibited the scope for more innovative approaches. In France the impact of the crisis on public sector austerity on the scope for room to maneuver is less clear cut suggesting that politicians are making clear choices about the resources they are prepared to deploy to address the negative impacts of restructuring.



Characteristics and added values of the social dialogue in the public sector?

In both French cases, social dialogue appears to have had an impact in terms of reducing the intensity and speed of change in order to provide workers with the space to adapt to a changed work environment. This process also provided support for older workers and increased flexibility around working hours.

A distinctive element of the French health case and which can be contrasted with the UK council was the way that the interventions attempted to embed an ongoing process of social dialogue in restructuring through providing training to local union officials to enable them to continue to act as key change agents in ensuring socially responsible restructuring practices.

Across the different countries the key success factors of social dialogue in public service restructuring differs significantly with no single, straightforward answer. In Bulgaria, success can be accounted for by the high density of union membership and the commitment of unions and managers to avoid compulsory redundancies.

In France high levels of political commitment to addressing the health issues in workplaces that are popularly regarded as national institutions.

In the UK success (and ultimately challenges) were due to close personal ties between unions and managers and a strong commitment to promoting worker wellbeing on the part of some managers.

Furthermore, it should be noted that some experiences have been reported showing the importance of the media coverage as a powerful launching pad for collective action. In the French cases, the media even appeared as a third type of actors with politicians and social partners promoting socially responsible or healthy restructuring.

Limitations and obstacles to social dialogue

In all countries workers representatives felt that they were being presented with a 'fait accompli'. Rather than negotiating over whether or not restructuring takes place, at worst they were simply told what is going to happen whilst at best they were able to get significant concessions that supported workers through the process and mitigated the worst impacts of restructuring. Most striking was avoiding compulsory redundancies whilst the French cases illustrated a range of concessions for workers, in the UK terms and conditions were maintained at least informally.

In the UK concessions were eventually lost due to a lack of binding agreements, largely based on informal personal relationships established between unions and managers. Managers abided by these informal agreements in a period of plenty but



after pressure due to the crisis they reneged on these agreements and cut social protection.

Perhaps in France the multiplicity of unions with differing approaches to restructuring may have inhibited the process of social dialogue especially in the health case whilst the strong political drivers ensured that managers engaged in a meaningful way.

France post has moved from formal and non-binding that typifies the public sector to a system closer to the private sector with an array of binding agreements and through establishing local action plans in order to ensure that workers on the ground are involved in consultation over restructuring not just national leaders.

Synthesis : Why does a social dialogue-based approach is desirable in time of crisis ?

The model of social dialogue in restructuring has several commonalities which point to its usefulness in a period of crisis. High levels of social dialogue can be seen to reduce the costs of restructuring for both employers and workers. For employers it can facilitate the process of restructuring through constructive engagement with workers and using the skills and experience held by the workforce and union representatives. In the UK case, a union official was seconded by management in order to use his expertise in managing the process of outsourcing workers.

It can also have beneficial elements for workers with unions promoting a collective voice of workers which could well be lost in individual relationships with managers particularly in a situation of uncertainty. The cases illustrated benefits for workers such as avoiding compulsory redundancies and maintaining social protection.

What questions are raised to promote and improve social dialogue?

The main issue is about the politically driven nature of both restructuring in the public sector and also social dialogue around restructuring. This can be strength as in the cases in France where social dialogue was supported by politicians in an attempt to meet public concerns around the negative impact of restructuring on workers and particularly their health. Conversely this can also be a weakness where both restructuring and social dialogue can be seen as reflecting political whims and short term interests rather than the long term interest of the organization and its workers.

On the basis of the above, we might consider the influence and the role of the media in raising awareness on the restructurings processes: the analysis of the media is a key issue to understand the link that can be made (or missed) between citizens, politicians and social partners, considering that their joint mobilization is a powerful

Crisis, Social Dialogue and Renewals in Restructuring

Restructuring in Public Services



trigger for social dialogue applied to restructuring. More pointedly, the media handling of restructuring can distort the reality of restructuring. Consequently, it impacts the representation that the citizens have about the importance and legitimacy of handling public services restructuring. So many questions should be raised around the impact of media-handling of restructuring on the stakeholders mobilization: What kind of restructuring are taken into account? How is this expressed? How are the welfare state or the social partners are described in the different media? What is (or could be) the role of social media in raising awareness and social movements?

Last but not least, the case studies illustrate the increased use of outsourcing and the growing use of temporary work within public services (what might be called the “silent restructuring of public services”). Presently this aspect of public sector restructuring has been largely overlooked by social partners.

An analysis of the extent to which social partners engage with these vulnerable groups may be an interesting path of research: How are vulnerable groups (eg contractors, precarious workers within the administrations) taken into account through social dialogue and social partners actions? Are these people penalized twice over because they are excluded from social dialogue and/or media coverage? Or, are there answers brought to their specific situations?



What did we see in terms of Social Dialogue in the public sector restructurings?

Restructuring in Public Services and Social Dialog

Greg Thomson (UNISON, R.-U.)

Governments across Europe have responded to the financial crisis that started in the banking sector in 2008, by seeking to reduce public sector spending. Consequently the crisis is today perhaps most keenly felt in the public sector, where it manifests itself in austerity measures including restructuring and downsizing. Trade union membership across Europe is higher in the public sector than it is in the private sector (Fulton 2011). Given the spread of restructuring and the relative strength of trade unions it might be expected that the recommendations in the HIRES report (Kieselbach et al. 2009) concerning the need for communication and engagement with the workforce through social dialogue would be more evident in the public sector. HIRES Public set out to explore this hypothesis by looking at the extent to which employee health is taken into account in public sector restructuring, and how social dialogue in the public sector can mitigate the harmful health effects of restructuring (Henry et al. 2011) through a number of case studies.

HIRES Public (2011) found that while the HIRES recommendations were not widely known or understood; communication was crucial to the success of restructuring in each of the case studies. Social dialogue was found to ease the process of restructuring, but it was apparent that in the majority of cases social dialogue took place after crucial decisions were made. Workers representatives felt that they were being presented with a 'fait accompli'. Hires Public concluded that meaningful consultation was more often the case where there were no redundancies. In some countries the system of public sector employment is such that restructuring mainly affects peripheral workers (Henry et al 2011) and directly employed public sector workers rarely find their jobs at risk. These national differences in public sector employment clearly had an impact in terms of the nature of the social dialogue.

This raises the question whether different national systems of social dialogue also make a difference? Social dialogue is embedded in European Treaty (Articles 153 and 154 of the



TFEU). There is however no coherent framework stretching from European to national and workplace level, as Marginson and Keune (2012) put it:

“...the EU does not possess a vertically integrated industrial relations system which mirrors national arrangements. ...The corollary for European social dialogue is that there is no necessary relationship with forms of social dialogue at national and sub national levels...”

The nature of social dialogue in different member states has been characterised as conforming to broad types or frameworks that can be identified by grouping countries together according to their social, legal and historical experience (see for example Stephens, 2005; Navarro, 2004). However, while the difference between systems of industrial relations is reflected in the restructuring outcomes, there appears to be even more differentiation within European systems than there is between them, and these national adaptations are often designed to mitigate particular problems including the stress of restructuring. The MIRE project (Bruggeman, 2008) used a transversal approach to identifying innovative restructuring with a view to finding a permanent set of policies and institutions adapted to the new economic and social reality. Commenting on the difficulty of using an internationally based comparative approach Bruggeman (2008, p. 5&6) warns;

“...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.”

It is difficult to say that one system assists communication more effectively than another in restructuring. Thomson and Köper (2012) have contrasted the German coordinated market economy and the British liberal market economic system, while the German system within the framework of works councils and codetermination on the face of it looked like providing a better structure for more meaningful consultation, it was noted that in practice there were tensions within the system between nominees on the board and the trade union and the works council. While in the British system of voluntarism operating in a liberal free market gave trade unions a more direct role in consultation over redundancy. This reinforces Bruggeman's point (ibid) about there being no one best system. Instead what emerges is that even the pan European system of risk assessment which is contained in a Directive is not well a used across Europe. As Triomphe (2010, p. 162) puts it:

“However, attitudes do not change quickly...throughout Europe it must be acknowledged that health related to restructuring cannot be found on the agendas of trade unions, employers or public administrations. Health and occupational risk prevention is still associated with high business costs.”

One of the important practical difference between the German and British systems identified by Thomson and Köper (2012), related not to social dialogue, but instead to the funding of health provision. In Germany the role played by private insurance companies



in health provision for workers, meant that these companies had shown an interest in the HIRES recommendations in a way that the British health service had not, because health costs in Britain are born through taxation and are therefore less directly related to employers' behaviour.

If there is little evidence to support the idea that one national system of social dialogue is better than another from the perspective of protecting the health of workers; that begs the question can something be done in respect of social dialogue to improve the outcomes for workers whose jobs are being restructured? Key to this is an understanding of the role played by social dialogue in the HIRES model. Social dialogue during restructuring is dependent on independent voice. For workers the role of trade unions as an agency is critical in giving them a voice during a period of job insecurity.

“For many workers restructuring is a time of uncertainty and worry about the future. Not surprisingly this can make it more difficult for them to feel confident about speaking up and articulating concerns. Consultation and dialogue with unions and worker representatives is even more important in restructuring than it is normally, for this very reason. But it is only really going to be effective in reducing the pressure on workers if they can see that consultation is genuine and that it provides an avenue for communication where their views are going to be taken seriously.” (Thomson & Köper 2012)

The European Directives on consultation¹⁴ and risk assessment¹⁵ should provide a clear framework for consultation on restructuring. The difficulty is that even in the public sector Henry et al. (2011) found little evidence that this was working.

There is a growing recognition of the importance of health during the restructuring process in the European Union both within the Commission and the Parliament (Thomson & Köper 2012). Crucially this understanding of the problem needs to be translated into practical solutions. Hires is different from previous entreaties to have regard to psychosocial factors (see for example the UK Health and Safety Executive termed the 'Management Standards') in that it provides concrete recommendations which have been shown to ameliorate the effects of restructuring on workers health.

What is the best way of getting these recommendations implemented?

At the same time it is important to recognise that public service across Europe are becoming increasingly fragmented. More and more public services are outsourced and provided by the private sector. Social dialogue in areas of public service not provided by the public sector raises challenging issues of agency for the employer. Contractor restructuring may be dictated by changed terms of contract specified by the public authority. Should social dialogue include both agent and commissioner where work is outsourced? The

¹⁴ Council Directive 2002/14/EC

¹⁵ Council Directive 89/391/EEC



Acquired Rights Directive¹⁶ recognises that workers should not be disadvantaged by contracting out at an individual level, but does not address the crucial issue of responsibility for consultation over decisions made at arm's length.

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What did we see in terms of Social Dialogue in the public sector restructurings?

The enforceability of social dialogue agreements
and cascading corporate social responsible
in outsourcing: the case of outsourcing
Oxfordshire County Council Highway Services

by Leroi Henry (WLRI, the U.K.)

Aims

The key aims of this study are to focus on outsourcing and the subsequent transfer of contracts between a council and a succession of providers of roads maintenance and strategic transport services.

It looks at how over the last 10 years the outsourcing of services has gone from having exemplary levels of social dialogue and social protection to antagonistic social partnership and minimal social partnership. It also looks at how the council and contractor managed redundancies around 2010 -11.

The key issues addressed in this paper are:

- the enforceability of social dialogue agreements on successor contractors
- the implications of social dialogue based on informal relationships between management and workers
- the impact of the crisis on social dialogue and social protection in out-sourced public sector services.



Methods

Informants

The case study included 10 interviewees who were identified through contacts with trades unions and Human resources and snowballing (seeking further contacts from interviewees). Interviewees were contacted by email and telephone.

Informants included:

- Two officials from UNISON
- A Human Resources representative at OCC
- A senior member of Occupational Health at OCC
- A senior manager at Atkins
- Five middle managers and workers at OCC and Atkins
- Interview schedule

A common topic guide for semi structured interviews was developed by the partners. It was stressed that this topic guide had the flexibility to be adapted to particular national and organisational contexts.

Data analysis

All interviews were recorded but none were transcribed. Interviewers made field notes and reviewed the recordings in order to draw out key themes.

Restructuring within transport services

Timeline

- 1999: Road maintenance and strategy outsourced to Accord and Jacobs
- 2007: Accord taken over by Enterprise
- 2010: Contracts for road maintenance and strategy awarded to Atkins

Outsourcing

In 2000 driven by a need to invest in road infrastructure and equipment and with limited financial capacity the council outsourced the performance of road maintenance for 10 years to the newly formed company accord plc. It also contracted Jacobs UK to provide to strategic transport services for the council for 10 years. The process



of tendering and particularly the social dialogue involved can be seen as exemplary. According to one manager “at the time this was ground-breaking in terms of having a direct involvement of employees”.

The council and union established a Dialogue Group of 20 people representing employees from across the organisation including managers and shop stewards. The purpose and activities of this group were communicated throughout the process.

19 companies expressed an interest in the contract and the Dialogue Group helped to produce a long list of 5 after the companies had made presentations to the workforce. This was determined on criteria such as industrial relations strategy, HR and financial capacity to reinvest. All these 5 companies gave presentations to the workforce and also submitted documentation which the Group was involved in scoring. The award of the tender being based on 80% price and 20% quality of which the working group had a 50% input. The definition of quality included how transferred employees would be treated by their potential employers and Health and Safety.

The Dialogue group undertook site visits to each of the bidders looking at areas where transfers had taken place previously and spent a day with each company interviewing workers and managers. The Group then held a review meeting with company representatives and scored the company. They also invited companies to visit the council and make presentations with a structured agenda and scored their performance.

Bidders were obliged to pass the quality element for their tenders to be recognised and 2 of 5 bidders failed this quality test and were discarded. Eventually Accord and Jacobs were successful.

Legal protection

These transfers of staff have been governed by the principles of TUPE [the Transfer of Undertakings (Protection of Employment) Regulations 2006]. Thus staff obliged to transfer to outsourced contracting companies or other forms of structural reorganisation do so “on terms no less favourable than those they enjoy immediately before the transfer.” These terms and conditions can be changed if an employee transfers to another post within the new organisation and they govern workers’ rights in restructuring and also have a direct bearing on the levels and types of support they are entitled to in restructuring. Therefore this process of restructuring has produced a complex and multi-tiered workforce with six differing sets of terms and conditions.



The nature of Social Dialogue in the outsourced companies

The extent and nature of social dialogue has varied dramatically between the council and the outsourced companies but also between the different outsourced companies which have exhibited radically different attitudes to social dialogue.

At the council social partners described a strong formal system of dialogue around restructuring such as the awarding of contracts. Unions and human resources met regularly to discuss key issues and the unions are consulted on decision making related to restructuring. There are quarterly union liaison meetings between branch officers, stewards and senior managers to discuss issues such as restructuring. The process of social dialogue around restructuring is on-going and permanent involving not only negotiating teams but those with a responsibility for employee health and wellbeing. Unison representatives from the different divisions meet monthly with Staff Care Services to discuss various situations at the council especially now in relation to restructuring. These meetings involve sharing experiences and highlighting specific individual cases and highlighting general areas of concern for employee health in restructuring.

These strong relationships were evident in the process leading to the awarding of the contract to Accord in 2000 through the intervention of a Dialogue Group which showed innovative practice based on transparent communications and meaningful social dialogue which managed the process of restructuring. However the way that these systems of social dialogue evident in the bidding process were embedded in the on-going relationships with the new contractors was more problematic and stored problems for the future although this was not evident at the time.

Results of social dialogue

There were no geographic relocation or job losses and high levels of social dialogue including regular open meetings between managers, HR advisors, workers and unions to discuss areas of concern such as terms and conditions and pensions. Some of these negotiations led to informal agreements around terms and conditions for example new employees were not automatically entitled to sick pay which was given at the discretion of line managers which in practice was automatic if certified by a doctor. A unison representative stated "to be fair everything they promised they honoured, there were no changes in terms and conditions as they went along...they treated people with dignity and respect". During this period the company won awards for its health and safety record, sickness absences declined to extremely low levels and the company expanded. It should be noted that the Accord contract period was relatively benign in terms of increased funding for local government in the UK. In 2007 Accord was purchased by Enterprise who inherited the contract to maintain Oxfordshire's roads.



Re-tendering 2008-2010

Between 2008 and 2010 the contracts were retendered and merged and Atkins won both contracts leading to 170 Enterprise Staff and 37 Jacobs staff but no council staff being transferred to Atkins in 2010. The process of tendering differed from the approach in 1999-2000.

OCC established a competitive dialogue process in 2009 with a long list of bidders. This involved dialogue between the bidders and a project team established by the council to manage the process of tendering. The team included managers from the council which also seconded a union representative to work independently within the team. The team held several meetings with bidders and once a shortlist of 3 had been drawn up they met intensively with the bidders dedicated tendering staff, HR and OH. The criteria used to determine the contract included cost, health and safety and employee welfare. Informally it also included maintaining social dialogue. In 2009 Atkins won the contract which started in July 2010.

This was also evident in the active involvement of unison in the competitive dialogue process in 2009-2010. However these processes diverge strongly when we examine the extent to which these systems of social dialogue evident in the bidding process were embedded in the on-going relationships with the new contractors.

Although the process used in awarding the first contract was seen as exemplary it could not be used in subsequent approaches:

- Firstly subsequent transfers did not directly affect council workers therefore the council had less direct responsibility for employee welfare. However it could be argued that the council continued to owe some responsibility to these staff. For outsourced workers working for contractors the ultimate employer, in this case the council, may maintain corporate social responsibility for their welfare in restructuring.
- Secondly it is unlikely that the contractors at the time would release their staff to visit potential rivals or that bidders would necessarily welcome their presence.

During the competitive dialogue process (which led to the award of the contract) strong personal relationships developed between the union, Atkins HR and the council HR. The teams met on a regular basis and Atkins attended the union stewards' liaison meetings and according to the informant made a series of informal agreements including to:

- maintain the liaison structure in the new company,
- continue to recognise unions



- develop a Health and Safety Liaison group.
- maintain the existing informal arrangements around sickness absence.

It was promised that the same Atkins team would stay in place in the new organisation.

Social dialogue under Atkins

Once in place and after the comprehensive spending review in 2010 the nature and extent of social dialogue changed dramatically. The majority of the Atkins HR and managers who had built up a good working relationship with the union left and changes were made to the informal system of terms and conditions. Discretionary sick pay was withdrawn leading to a situation where seriously ill workers could be driving heavy goods vehicles, the union liaison group was not recognised and eventually the union was de-recognised.

Workers also allege that there are now systematic breaches of Health and Safety Laws and dangerous working practices such as maintenance groups working for 18 out of 24 hours. This has left an integrated management system where one group of managers is involved with intensive system of social dialogue whilst working alongside managers who are not allowed to recognise the union.

This situation has proved problematic, according to an (ex) Atkins manager “unions can help ease the process in some situations. It’s about working with not working against ...in a local authority environment there has to be more working with not working for...(you) need a relationship of trust and can share confidences to get things done.” Union representatives suggest that in the absence of social dialogue issues related to workers’ health have to be conducted via lawyers and the courts rather than being resolved at the workplace.

Redundancies

Immediately after the transfer of the Enterprise and Jacobs contracts to Atkins the workforce was downsized due to the politically driven cuts to local government funding outlined in the coalition government’s Comprehensive Spending Review of autumn 2010. The cuts were shared proportionately across both the council and contractors despite the council staff generally having far greater social protection. Although the cuts were shared proportionately the organisations utilised very different methods to implement them. In the words of the council HR informant the processes for the council and Atkins involved the “same start and end points for staff but the journey for staff was quite different.”



Atkins staff numbers were reduced through redeployment and compulsory redundancies. The majority of compulsory redundancies at Atkins came from sub-contractors rather than those employed directly by Atkins although some directly employed managers were made redundant. Council staff numbers were reduced through redeployment at protected salary levels, early retirement and voluntary redundancies and no compulsory redundancies.

The Atkins process was much quicker with less uncertainty as staff knew which posts were to be lost. The union was not involved in any consultation with Atkins over the redundancies although they supported individual members in the process. At the council the process involved consultation with the unions, took much longer and was substantially amended due to feedback from consultation and negotiation with the unions.

This restructuring took place almost simultaneously with the implementation of the new contracts and management structures and challenged the embedding of change and impacted on the capacity of managers to manage the process of changing employers and the new management structure. The cuts environment also put added pressure on the contractor to reduce costs leading to a process whereby relationships with the union have all but broken down.

Conclusions

The case raises the issue of the extent to which organisations in the public and private sectors have responsibilities to outsourced workers that they indirectly employ. At a pragmatic level the relationships between workers and the council became more remote during re-tendering. At an ethical level the key issue is the extent to which corporate social responsibility for maintaining socially responsible restructuring cascades down supply chains.

The model of social partnership in the council and some of the contractors is one of the unions helping to manage the process of restructuring rather than challenging or questioning its basis. Consultation and union involvement delivered concessions such as avoiding compulsory redundancies, de facto maintaining terms and conditions and avoiding making significant changes to reorganisation. Thus the union's primary role has been to make restructuring more humane and tolerable for employees and in the process making the process more effective.

Employee involvement and social dialogue in the process must be meaningful but this case study has illustrated that these processes can be time consuming, resource intensive and require support for managers, unions. However the social dialogue used in the process of restructuring must be embedded in the post restructuring



environment as it was in Accord rather than being discarded as in the case of the Atkins contract. The key lesson is that maintaining social dialogue and the agreements generated through social dialogue must be written into contracts rather than being based on informal agreements.

Outsourcing can involve significant changes to social dialogue, a process which can be managed by close relationships and trust between unions and managers. However whilst personal relationships can be critical for effective social dialogue they are not sufficient on their own as the personnel involved can move on. Thus formal structures and agreements are necessary to institutionalise these relationships beyond the individuals directly involved and to insulate them from changes in the political environment.



What did we see in terms of Social Dialogue in the public sector restructurings?

Reconfiguration of the Health System in France

Dominique Paucard (Syndex, France)

Summary

The case study addressed the restructuring issues around the reconfiguration of key aspects of the French health system by reorganising the Regional Health Agencies which coordinate the provision of public and private health services at a local level. Although social dialogue would have been, in theory, key to this process, in practice only one union was involved in the anticipation and social dialogue around restructuring. To support union officers in engaging with the restructuring training was provided. There were several innovative features of this project which were built upon specific forms of social dialogue and interaction eg. participants were encouraged to develop new ideas to social dialogue and restructuring and to challenge their existing approaches. Challenges (amongst others) related to the social dialogue in the French public sector: there were no obligations to consult or provide information on restructuring. Bargaining was not possible as the public sector has managers rather than a specific local employer with whom to bargain. There was no obligation to conceive and implement an assessment of the social impact of restructuring.

In this context, the innovative role of the union presupposes that results, benefiting to the workers, can be obtained by other means than systematic opposition.

This project, launched by the French union CFDT and supported by ESF funding, takes place in a context of reform of the French health system.

The Regional Health Agencies (ARS), created in 2009, are part of this reform. They are meant to monitor the local supply of health services, whether public or private, and to enhance services and their efficiency through a Health Regional Project (PRS). Each ARS gathers, at regional level, all state and social security agencies.



The “Survey Council” is a key component of the ARS governance. It approves the accounts and delivers advices. Its members are state and social security representatives, social partners, local elected representatives, users and qualified experts. Unions are included and they are represented at territorial level.

Amongst other devices, ARS promote Sanitary Cooperation Groupings (GCS). GCS are legal structure through which players in the health services field are requested to join forces. The GCS may rally public institutions, private institutions, or a mix of public and private institutions. They take the lead in dispatching tasks and, therefore, employment.

The CFDT has been the only union supporting the creation of the ARS, and is, most of the times, the only union that approves of setting up a GCS. This peculiarity may stem from its organisation, the branches and territorial structures of the union being clearly autonomous, but also from its “societal ambition”. This comes with two consequences:

- An opposition between regional structures and branch structures inside the union, the former defending local users’ interests while the latter defend the branch workers’ interests;
- Union teams “on the ground”, at company level, having a hard time dealing with other unions – it’s being hard to stand on one’s own - and with workers who fear the outcome of restructurings.

This is why the CFDT is looking for ways to deal with restructurings that result from GCS creations through anticipation and social dialogue. In this respect, the project is rather innovative, as it involves the national CFDT level, the regional level (CFDT interprofessional regional union of Ile de France) and the branch level as well (CFDT health, social and sanitary sectors workers) in a common initiative.

The project

The project is two folded. It aims at:

- The training of “referents” able to back local union teams;
- The design of training programs aimed at the branch level.

It relies on an experiment in one region (Ile de France) and three GCS, two of them mixing private and public contributors. The union members of each plant in each GCS are meant to work together in order to experiment anticipation and social dialogue at the GCS level. Each GCS is unique, in depth and in scope of cooperation, and the



reason why each one has been created is always specific. Nevertheless, all of them appear to be transitory structures pending greater integration.

The methodology used relies on interactions between actors. It does in three ways:

- Discussing alternative ways of representation which allow participants to step aside the “path” they are used to follow;
- Starting a process aimed at involving the participants through meetings with players they are not used to meet;
- Allowing limited experiments that are to be assessed and compared with similar ones used in other contexts and situations.

Five steps were planned:

- The collecting of documentation and a diagnosis at the regional level;
- The constitution of the three test groups;
- Four experimental sessions with each group;
- Formalisation of findings;
- Dissemination.

Syndex was chosen by CFDT to ensure animation of the project and to help draw findings.

What is at stake?

The main problems come out in the public sector, the private sector being already familiar with restructurings.

Social dialogue in the public sector is consistent, but it is not fit for the management of change. The rules in the public sector do not compare to the minimum legal requests that are enforced in the private sector, as there are, in the public sector :

- No right of information and consultation before a restructuring occurs ;
- No local manager in charge of employment and who can handle a bargain ;
- No obligation to conceive and implement a social plan.

In this context, the rather innovative stand of the union implies that an outcome that benefits the workers is to be obtained through other means than a systematic opposition. It has to be said, though, that, so far, opposition has succeeded in delaying or even avoiding restructurings.



First findings

The project is not through yet. Amongst the two cases that mix private and public sectors, one is aimed to an integration of the common private activity in a public structure, all workers shifting from private to public status ; the other one is aiming at enforcing a “social council” at the grouping level.

During the first sessions devoted to the above-mentioned cases, three main issues have been identified:

Prerogatives of workers representatives and institutional action

GCSs appear mainly as transitory structures. However, even when a merger appears to be most likely, decision makers favour the myth of an autonomous management of employment. It is the same with workers representatives as they favour the local structures to which they are used (and which cover the scope of the employees they represent). In this context, workers representatives do not try to act at the proper management level, which is head of the grouping.

Relation to workers and communication

The main concern of workers in this context is to be submitted to forced mobility, even if most of the time, their employment is not at stake. Even if few workers are really threatened, all fear to be, decision makers being very reluctant to communicate on the current or planned evolutions decided on the scale of the GCS. In this context, workers representatives are confronted to a dilemma: should they bear the announcement of reorganisations they foresee?

Relation to decision makers and bargaining

Whatever the way they choose, workers representatives have to build a multilevel relationship to management and decision makers. At least, matters related to guaranties and employment should be conceived at the GCS level. In such a perspective, the GCS level would be the right one to ask for the opening of a negotiation on the management of employment and skills.



What did we see in terms of Social Dialogue in the public sector restructurings?

Restructuring of BG Post PLC

Irina Terzyiska (Eli, Bulgaria)

Start and development

The restructuring process in the public sector of Bulgaria could not be considered as a new policy approach, but is an act made under pressure. In general, the main parameters of the restructuring process in this sector could be characterized by a reduction of indexation of wages' levels and social benefits, downsizing of organizations, job losses and - intensification of the workload.

The status of the BG Post PLC (the national postal operator) before starting the restructuring process had the following features: it was and still is one of the biggest state companies in the country with a relatively monopolist position, subsidized by the State and working under the umbrella of the Ministry of transport, information technologies and communications. The Company has the obligation / under a 15 years long license/ to fulfill the universal postal service as it disposes of a very well developed network at national level and rels on a subsidy from the national state budget / an obligation of the BG Government before EC/.

The staff of the Company amounts to 12.300 workers. The union density is very high – up to 82%. Trade unions enjoy good traditions in negotiations and good balance in social partnership.

The restructuring process in the National operator started in 2011 and is considered as a result of the requirements of the EU postal Directive and the national legislations. Additional factors impacting it are the negative financial results of the company in the last years, the crucial need for optimization of the personnel and - the implementation of new technologies and new services.

The main restructuring steps included a centralization of the administration (from



28 to 5 regional offices), optimization of the courier tracks and outsourcing of some services (the logistic and the security services).

The basic services (courier etc.) were not outsourced or subcontracted. The obligation to fulfill the universal postal services remained in the activities' frames of the Company. The State subsidy was cancelled.

In general the progress of the restructuring in the Company is considered as very slow and sluggish. The new technologies (for ex. the integrated desk services based on computers' aid) are being slightly implemented, the diversification of postal service – very extensive, the financial results – negative. At the same time the revenues of the workers remain very low.

Fortunately the lay-offs were handled - the decrease of the personnel, related with the restructuring was not painful - from the planned 1 000 persons for 2012 only 270 were dismissed.

Social dialogue

The social dialogue (SD) between managers and workers' representatives (3 trade unions) are still keeping an important role in the social partnership. It is based mainly on the Collective labor agreement CLA (2012-2014) which contain special provisions for collective social responsibility, measures at restructuring, protection of aged workers rights etc. The present CLA was evaluated as a "best practice" example by CITUB - the Confederation of independent TUs in Bulgaria.

In support of the negotiations between both social partners a Council for social partnership was established having regular meetings and looking for solutions on current problems. Additional agreements on "hot issues" are produced for ex. the one for the Program for voluntary departure at restructuring (2012).

SD is guaranteed by the high union density in the Company and the lack of other formations for workers representation. The SD is addressed to all workers assuring equal defense of their rights incl. the ones working part-time (representing 34% of the whole staff) or the ones who are not TU members but have signed a Declaration of adhesion. Contract and temporary workers if any are not excluded as well.

According to the president of the Trade Union Federation of communication at the Confederation of independent TUs in Bulgaria - CITUB, the social dialogue is driven by the constructive behavior of the trade unions and the management of the Postal company.

The main negative factors provoking problems in the SD are related with external



causes - for ex. the management of the post is being often changed by political reasons and this fact has negative effect on the sustainable industrial relations. From the other side – the trade unions have not updated their attitude and tools for dialogue – in the present conditions they have to be more pro-active, intelligently aggressive and persuasive in order to defend, keep and involve new TU members, especially among the youngest.

The SD tries to solve problems in a limited scope of topics. There are spheres which are purely in the priority of the Management of the Company, for ex. the management structure, the business strategy of the Company. Its main role is relatively restricted and is mainly in the field of the social issues. During restructuring – it aims mainly to alleviate its negative consequences and to assure its peaceful development.

Social dialogue is not more responsible as well to solve social conflicts, which fortunately are not occurring often.

The assessment in the other postal operators at the BG market show that TUs exist only in the State Company Bulgarian Post PLC. There is no one private postal operator / and they are more than 80 nowadays) in which workers are represented in any form and no talks about any kind of SD.

Innovative approaches of SD in restructuring the BG Post PLC

The interviews' analysis of both social partners led to the conclusions that restructuring in the postal sector will continue and it will be subject to rapid change, but the main driver to support change is quality of workforce. Thus, the efforts have to be directed to help personnel to be more professional, qualified and flexible. A need is found to establish a reasonable balance between an appropriately rewarded workforce and its capability for adaptation to the market's requirements. Shared aim is demonstrated by both social partners to accompany the ongoing change process in respect of training, re-training and internal re-deployment on a dynamic SD.

In that light an agreement was signed (October, 2012) between TUs and BG Post PLC management regarding common activities on re-defining jobs descriptions; implementing new system of bonuses, on the criteria for further reduction of the personnel. A new training policy for the personnel was adopted and new training programs – implemented.

The latest assessment of the trade unions' development show that there is a decline in the union density. More and more workers do not find interesting and useful to be unionized. One of the reasons is that there is a lack of information on what trade unions are doing, what are the provisions of the CLA, even what are the elementary





rights of the workers being members of the Company.

In order to be efficient and constructive, the TUs have to start restructuring themselves in order to become more competent, more helpful, with more prospective and broader objectives for participatory involvement in the restructuring process by competent and timely information, communication and negotiation activities. They have to take measure to anticipate the negative consequences of the changes, to assist the management for permanent vocational training of the personnel, for involving young workers in the TU activities and organize the personnel of the private companies in the postal sector.

Opinions in the Forums show that in general citizens are not well satisfied with the postal services – they claim bad quality of services, lack of communication culture of the postal workers, difficulties in paying bills at different desks in the postal offices making log lines etc.

Voices from the economic circles say that real restructuring of the BG POST PLC could be achieved only by selling part of it, especially the non-operational assets. Thus, eventually to achieve enlargement of the management potential. The advice is the non-efficient postal offices to be closed, to educate and train the perspective personnel (73% of the staff have only secondary education, only 20% - have higher education) etc.

The latest events in the country – mass protests and demonstrations against the newly elected Government, the national political system as a whole and the further dissolution of the Parliament will lead to considerable changes in the political and economical status of the country. Thus, new directions of the restructuring process in the public utilities and services are expected and - logically they will affect the National postal operator.



What did we see in terms of Social Dialogue in the public sector restructurings?

La Poste: restructuring, “bad being” at work
and Grand dialogue

Claude Emmanuel Triomphe (ASTREES, France)

A. Restructuring at la Poste : a long history

Before 1990

Born in 1793 as a State owned agency, La Poste has already a long history of changes. In more recent times, the main fact was the introduction of European regulations to control competition between data and written material transmission services. This led to the French government's decision to separate telecommunication and postal services. The reform law of 1971 separated the Telecom Directorate from the Post Directorate. In 1990 the two entities adopted new names--La Poste and France Télécom, respectively--in recognition of their new legal status.

At that time, La Poste and France Télécom became both state-owned and largely autonomous. The powers of the ministry in charge of these were clearly defined: general regulation of the sector; planning contracts between La Poste and the state, and protection of employees' status as civil servants. The 1990 reform law granted La Poste a fully independent budget.

Significant subsidies needed to be found to finance loss-making post offices in rural areas; in 1990 there were 17,000 post offices, 12,000 of which were based in areas with fewer than 10,000 inhabitants. The 1990 reform aimed to support the structurally loss-making postal services by developing La Poste's expertise in financial services.

The 1990 reform authorized La Poste to act as an insurance company in offering all



types of personal insurance. A major difference remained between La Poste and the French banks, however; the first was barred from making real estate loans unless the borrower had previous savings, as well as from making consumer loans, the two types of loans for which there was growing demand.

Diversified Services Provider for the New Century

Meanwhile, the P&T began to develop a marketing policy, since it was allowed to establish individualized contracts for mail services with major private clients, generally corporate. The 1980s were characterized by the development of new services: telecopy (fax) services were launched in 1981. Chronopost, a rapid delivery service of parcels with guaranteed time limits, began in 1986. In 1990 computerized scanners were installed for post-code sorting.

La Poste became an independent, public sector company in 1991. The group began to step up its financial services offerings, to the extent that by the middle of the decade financial services represented nearly one-fourth of its revenues. Yet, in 1997, La Poste was forced to detach its financial services products from its mail services in a move designed to reduce its competitive advantage. This policy placed La Poste in line with most of its European counterparts. Meanwhile, La Poste was facing increasing competition in its mail and parcel delivery services as more and more of the segment was opened to competition.

As a response, La Poste began diversifying its operations in the late 1990s. Logistics and corporate mail services, not only in France, but across Europe, became a core company direction and led to the creation of new subsidiaries in 2000.

In May 2005, a deregulation postal law has been passed in order to open the full postal markets. In 2006, the French Post Office incorporates the Postal Bank as of 1 January and assumes the status of a bank. In March 2010, the Group La Poste, changes their statutes to become a 100% public capital limited company : La Poste S.A. Since the 1st January 2011, the monopoly of mail established in 1801 has been fully abolished and the French market, whatever the kind of mail, is open to the full competition (third postal EU directive).

A parliamentary report released at the end of 2001 recommended that La Poste spin off its financial services wing into a separate subsidiary, in order to ensure its survival against newly created banking services. The spinoff, now implemented, allows La Poste to offer a complete range of financial services, including providing home and other loans, and would enable many of the group's loss-making rural offices to become profitable. In the meantime, La Poste began lobbying for the right to shut down a large proportion of those offices--many of which served towns with populations of fewer than 2,000, in favor of reorienting the network toward more densely populated towns of more than 10,000 and to convert its small rural offices in services shared with retail shops or other public services.



Recent trends in the activity of La Poste

The group La Poste is nowadays facing mixed trends in its core activities:

- downwards for usual mail but also for the number of customers using post offices. The fall in mail activity, even if smaller than in some other countries (UK, USA..) has no predictable end.
- upwards for parcels and financial (bank, insurances etc..) services, these two activities helping the group to be a beneficiary company.

B. Social impact of recent restructuring waves

Restructuring in La Poste had impacted employment (both quantitative and qualitative), working conditions (especially in the last years) and social climate, but also its relationship to the society.

Some key figures

Well perceived within the French society (many surveys show that la Post is the preferred public service among the French) this company compares itself as a "small France": with around 260.000 employees, it represents 1% of all French employees. Many families have members, relatives or friends working at la Poste and what happens in the Group has always an impact outside: at micro level, at territorial level (i.e., small villages fought hard to preserve their Post office), at national level.

The structure of employment in the Group has changed dramatically over the past 20 years. Between 2002 and 2011, 24% of the staff (77.000 people) left the group (with no compulsory dismissals). If the Group employs still around half of civil servants, newly recruited employees since the nineties are subject to private labour contracts and their proportion is constantly increasing (+ 33%).

The staff is an ageing one (with limited recruitments): 1 of 5 employees is a 55 +.

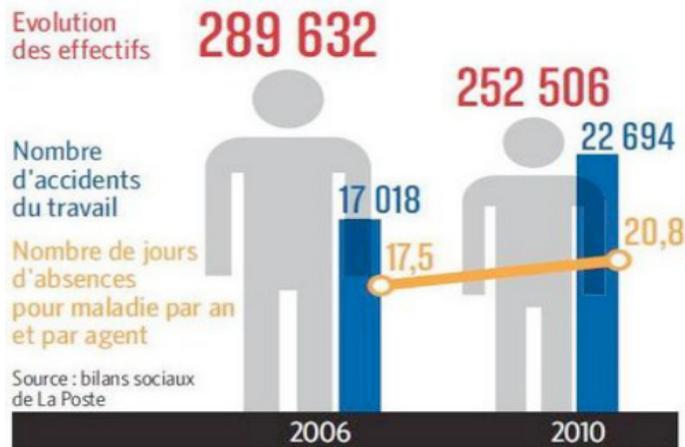
Working conditions

Working time differ up to the branches and jobs: most of postmen and postwomen work in the morning while people employed to mail dispatching centres work often in shifts (day and night shifts) and employees in financial services follow traditional banking patterns. A lot of overtime has been accumulated during the last years and



amounts a huge social debt.

During the last years, occupational health became an alarming issue.



Occupational accidents have over the past 5 years while the number of staff decreased. An even more important increase has been registered for occupational illnesses (especially in musculo skeletal troubles). The absenteeism rate due to illnesses has also increased by 11% over the past 5 years, especially for those between 45 and 55 years old, the ageing population been one of the main reason. But the absenteeism rate has also jumped by 66% for top managers. Other internal surveys show that a third of the middle managers said the speed of changes was too demanding.

To face these problems various measures have been taken by the group including the set-up of an evaluation system of work related stress but with a limited impact up to now. Letter of representatives of the 150 occupational physicians employed by the group emphasized that an in-depth analysis of work situations should be conducted in order to find relevant solutions.

Preserving the social model

All these changes have been managed by preserving the traditional social model:

- Vast majority of permanent contracts (both public and private): short and fixed term contracts do not exceed 5% of the staff
- Limited part time (around 10% of the staff when it is an average of 20 to 40% in other European posts and even 80% in the Netherlands) and mainly based on voluntary basis
- Internal promotion of people to higher responsibilities (promotion annual



rate has significantly increased since 2002 (from 4 to 8% of the staff), but decreased again in the last years.

A deal between the Public authorities the central management and 4 main TU has been signed in 2004: in exchange of preserving the social model, the need of new organizations has been recognized.

Social dialogue

Even if figures are subject to discussion, La Poste is considered as having a high union density probably close to 45% of the staff (according convergent trade union sources). All major French trade unions are present (CGT 29%, CFDT, FO, CCG, CFTC) and in the past 15 years two new trade unions (UNSA, a reformist TU and SUD, a more radical one) have grown According last results, The most important in terms of representativeness are: CGT- 29,33%, SUD 22,25%, FO 18,17% and CFDT 18,14%, the other ones representing each less than 5%..

The social dialogue tradition has changed. As a central administration, la Poste was not involved in more than very formal and non-binding processes of social dialogue. But since the end of the nineties, it entered step by step in the more traditional model (valid for the private sector) and lot of negotiations processes took place (with numerous binding agreements signed on various topics). However, due to the mix of staff (civil servants and private employees), there are two systems and channels of discussions taking place:

- One specific for the civil servants (wages, careers, promotions)
- One for the rest (but including to some aspects the civil servants as well): works councils, specific committee for health and safety etc...

C. Suicides and the launch of the Grand dialogue

The Grand dialogue, a triple initiative

In 2012, 6 suicides have been officially registered in the Group. This figure which is average for such size of staff became a concern for trade unions and the top management. It echoes the suicides of France Telecom and took place in a situation where many signs of bad being at work were already there. This led the management to take an unusual initiative called Grand dialogue consisting in a triple initiative:

- Organizing a local dialogue at territorial levels (small groups where employ-



ees can express their concerns at work) which involved almost 110 000 people in more than 9000 meetings

- Setting up a tripartite national commission chaired by a well-known consultant (and ex CFDT general secretary, Jean Kaspar) in order to discuss the social situation and the bad being at work within the group and to make recommendations. This tripartite commission met during 6 months and consisted of
 - The main top managers (executive directors for each branch, CEO and HR)
 - Representatives from the 7 main trade unions
 - External experts

The commission issued its report in September 2012.

- Launching a range of negotiations to improve well-being at work

The main outcomes

The main outcomes of the “Grand dialogue” consisted in

- A huge call and demand from employees to see their work recognized
- The experimentation of local dialogues to let employees having a voice about work and changes taking place
- A slow down process in organizational changes (acknowledging that people need time to adapt to changes) and the announcement of new recruitments to face the high rate of absenteeism (22%, all reasons included (illness, holidays, tie off for training trade union activities etc..))
- Several recommendations included in the final tripartite commission report in order to
 - Improve the culture of change
 - Improve work organization and HR processes
 - Facilitate social dialogue at all levels
 - Open the social model to the outside (careers in other public companies, possibilities for external promotion etc..).



- These four main priorities were divided in 8 main tasks to be pursued by the Group with the signature last January 2013 by 4 important TU (representing altogether 48 % of the workforce) an agreement about well-being at work in January 2013, following most of the recommendations made by the Grand dialogue. Several provisions are considered as innovative like:
 - New working time arrangements for 55 +
 - Introduction of telework and experimentation of work organization over 5 days (instead of 6)
 - Set up of a social alert when restructuring processes breach main SD principles with a temporary suspension of reorganization

Some first lessons learnt

The link between reorganization/restructuring and workers health has emerged in the last years in big French companies but, despite the shock occurred with France Telecom, did not lead to an ad hoc set of measures, neither by management, nor by social partners. But suicides play an important role as catalyzer of actions and that was also their role in La Poste.

The Grand dialogue process had several characteristics:

- It included for the first time the organization of local groups between local managers and employees in order to listen to them and to set up local action plans. This enriched significantly the social dialogue processes and involved direct employee participation and not only employees' representation.
- The participation of external experts made the discussions between top management and TU representatives more open, less formal and helped identification of issues well known in the company but, for most of them, not yet present at the agenda of social dialogue and collective bargaining.
- Some measures included in the agreement signed in January 2013 would never have been included without the Grand dialogue.
- The Grand dialogue process has been observed within the public services sector with high interest and could be an example for other public owned companies or government bodies.



Conclusions

Birgit Köper

How to tackle and to manage “restructuring” has been an issue on the European political agenda for decades. Yet recently the discussion became more salient through the Commission’s Green paper on restructuring and the resolution approved by the vast majority of the European Parliament members. The Green Paper highlights that successful change is crucial to individual organisations, to national economies and to Europe as a whole. Social Dialogue (SD) should accompany major organisational changes, mitigate negative outcomes for employees and thus contribute to the success of change measures by “designing” them in a more socially responsible way – in fact not only in the private but also in the public sector.

It is not easy to define what the public sector actually comprises given its heterogeneous character and the major and ongoing changes in this field. This thought might be illustrated by the question whether or not for instance gas- electricity- water- and health providing organisations are public services. Surely they supply goods and services of public interest implying the risks of market failure and thus the need of state control. Yet obviously there is also the view that the principles of cost-effectiveness and self regulation should find their way into the public sector. Hence more and more organisations in these fields are privatised and even if they are not substantial outsourcing takes place resulting both in intended but also unintended consequences for the organisations and the individuals.

Austerity programmes – partly brought on by the financial crisis - reduce public spending all over Europe even if there are significant differences in the national approaches and their rigorousness. The Public sector across Europe is thus and for other reasons (see below) facing major restructuring. In the workplace the consequences are often experienced in increasing conflict and/or greater stress with impacts both on employees and their immediate managers. In the public sector restructuring can involve re-organisation of work and the workplace or relocation which may or may not involve job losses for directly employed workers. At any rate it involves changes of demands, work intensification, more stress and mid terms the probability of well-being and health impairments.

The restructuring in the public sector can be grouped into the following categories: downsizing the workforce; geographical and structural reorganisation; outsourcing and privatisation; and changes in organisational and professional cultures.



Different levels of protection in the public sector lead to very different forms of restructuring with “civil servants” in some countries enjoying “a job for life”. This legal status protects them from compulsory redundancies with restructuring taking the form of “natural wastage” and re-organisation. Yet more and more the contractual conditions in the public sector change. Short term contracts play an increasing role to provide public organisations with more flexibility resulting in a two-tier or even multi-tier workforce with very different prospects in terms of job security and working conditions.

In all the countries considered the public sector workforce is segmented with different sections of the workforce enjoying significantly different terms and conditions particularly employment security. Across the countries there are similarities with respect to the types of restructuring taking place in the public sector.

Although traditionally union density in the public sector is relatively high and there is a long tradition of social dialogue it seems as if the SD or its outcomes can be limited when it comes to restructuring. As long as the restructuring does not relate to formal dismissals SD is hardly involved. Yet unlike the private sector restructuring in the public sector – at least in some European countries – refers to changes in the (core) work characteristics such as work intensification and stress than to actual dismissals. In some European countries restructuring of the public sector is for instance related to significant pay cuts (e.g. Greece: 40%, Hungary: 20 %, Portugal: 30%, Spain: 10%).

The TU approaches however are very conservative and focus traditionally on employment rather than on creating good working conditions to increase well being and to prevent health impairments.

Given the high percentage of public organizations under restructuring it might be important to re-think the strategies and possibilities of mitigating negative restructuring impacts on workers and particularly the SD approaches in the public sector in phases of intense restructuring.

Some empirical data by Eurofound presented by Donald Storrie depicted restructuring in the public sector all over Europe. The presentation was based on the European Working Conditions Survey (EWCS) which gathers information on working conditions in the EU 27 based on about 20,000 respondents.

According to the EWCS, restructuring is clearly related to a decline in employment in Europe which varies significantly between different countries. Since 2008 about 5 Million public sector jobs were cut back in the EU.

There are more vulnerable groups of workers who are more likely to be made redundant, in which the following characteristics were related to higher risks of unemployment: low qualification, belonging to a minority group, migration background,



health problems, low vocational status.

Workers with long job tenure were less likely to be dismissed. However in cases where they were dismissed they experienced more problems in finding a new job. Job losses were related to a decline in both life satisfaction and life conditions, which is to say those who could find a new job were more satisfied with their lives.

According to the EWCS 37% of the respondents reported restructuring measures in their organisation. Again there was a significant variance amongst the countries. Most restructuring took place in the Nordic countries (Denmark, Finland, Sweden). Here the percentage of reported restructurings was from 55 to 62%.

Contrawise the lowest restructuring rates were reported in some Eastern (Poland and Bulgaria) and Southern (Italy, Spain, Greece) countries.

Workers who were most likely to be amongst the „stayers“ in a restructuring were those featuring the following characteristics: high qualification and vocational status, working in large organisational units.

On the positive side organisations in restructuring evicenced of some positive features, which are known as work resources. These were:

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

However, workers in restructured organizations were facing more negative impacts in term of demands and ill health:

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

It was the objective of the RENEWALS project to tackle the question how the specifics of public sector restructuring can be met by social dialogue so that by effective cooperation of social partners potentially negative outcomes can be mitigated. For this we collected and presented typical case studies in the public sector from various countries and discussed them in a group of academic, practitioners and policy experts and summarizing the results in a concise format: The main outcome of this process is this workshop cahier. We aim to disseminate the gathered knowledge



about restructuring in the public sector to political decision makers and practitioners.

Based on the various contributions of the workshop and the expert discussions we identified three main areas of interest. We present concrete cases on these issues which depict the general pattern of restructuring in the public sector:

The three areas of interest were:

- General considerations of restructuring in the public sector
- Mobility and job transition: positive approaches to maintain employability of workers in times of restructuring, to reduce job losses and to keep abilities and skills within the organisation
- Social dialogue: the associated contributions enabled a spotlight on strengths and limitations of social dialogue in times of restructuring in the public sector

In order to approach restructuring and its outcomes in the public sector we analysed various case studies and discussed what lessons could be learned from them:

These studies depicted the following issues (see table 1):

Table 1: overview of case studies presented in the course of the workshop

Main issue	Restructuring in the following country / branch / Specific issue
1) general considerations	1. Belgium / different branches of the public sector / drivers of restructuring 2. Belgium / regional administration / different perception of restructuring 3. Netherlands / health sector / benefit of autonomy for the success of restructuring
2) flexibility / job transition	1. Sweden / all branches / job councils as labour market instrument 2. Germany / all branches / internal job markets 3. Portugal / Institute of Social Security / mobility 4. Germany / savings bank / vulnerable groups



Main issue	Restructuring in the following country / branch / Specific issue
3) the role and potentials of social dialogue in times of restructuring	1. Germany - UK / different branches / differences in national systems as to effectiveness of SD 2. UK / local council 3. France / health system 4. Bulgaria / post 5. France / post and telecom

The following section highlights very briefly the contents of these three general issues, followed by the lessons learned from the case studies and the workshop discussions.

1) General considerations of restructuring in the public sector

The first three case study focus on characteristics of restructuring in the public sector such as their drivers, types or categories of different reactions to restructuring on the individual level and autonomy as a potential moderator which might influence positively the relation of restructuring and its outcomes.

1.1.) What are the main drivers of restructuring in the public sector (case study from Belgium / Anna Kwiatkiewicz)

The case study demonstrated that there are different sources which cause changes and restructuring in the public sector. More than in the private sector, state induced impulses lead to restructuring measures. As main drivers (or catalysts) for restructuring in the public sector we could identify the following areas:

- Induced by environmental and societal changes: new IT options, aging workforce, change of values, social corporate responsibility
- State induced: National austerity programmes to reduce costs, attempts to reduce the size of the public sector fundamentally, legal changes
- Market induced: Liberalisation, privatisation, increasing competition with increased demands for effectiveness and efficiency, changes in management system, decentralisation
- Service user induced: Changes in service user expectations “modernisation of administration”.

We could gather some areas in the public sector for which particular drives



specifically applied. These were particularly austerity programmes, the tendency to reduce public services, legal changes and the tendency to modernise public services. The extent of restructuring was related to the specifics of the national system (legal system and system of industrial relations).

1.2.) Is restructuring majorly perceived homogenously by the employees or can we rather differentiate groups of workers who perceive restructuring and cope with the outcomes differently (case study from Belgium / Giseline Rondeaux)?

Based on a case study using 20 semi-structured interviews and about 1000 questionnaires on the perception of the modernisation process and on organisational identification three fields of interest could be identified:

- Working associated representations in terms of where the organisation might go and in how far the employees identified with the organisation
- The perception of the modernisation
- Social identities within the organisation.

In terms of all these aspects the respondents were dissonant rather than homogenous. Dissonances in the perception of employees occurred in terms of the politicisation of the administration, the implementation of the reform process, transparency in terms of HRM concerns and the management behaviour. Different grades of identification of employees with their organisation after the restructuring could be identified.

1.3.) Is scope of action / more autonomy in restructuring of public services an approach which leads to better results both economically and socially? (case study from the Netherlands / Wim Sprenger)

A case study in the Dutch health sector demonstrated how more job autonomy lead to better results. The care services were applied by small local self managing teams. There was no management layer controlling or organising the work and its outcome. Support was given rather given by regional coaches and central office support teams. Thus the overhead costs were significantly reduced compared to traditional models, the productivity of the teams was higher due to reduced costs and less hours of care as the services were more customer tailored. Moreover the working conditions for the carers lead to lower staff turnover and less illness.

More autonomy and scope of action based on trust and the reduction of administration and control lead to better results in terms of efficiency and in social respect.



2) Flexibility (mobility) and job transition

The case study went beyond discussing the possibilities of SD in times of restructuring and also considered approaches of more flexibility and job transition – maintaining employment. It is one important challenge to adapt workers' abilities and skills to new requirements and demands in times of change. In this sense the paper discussed different models of flexibility and job transition both on the macro- and micro-economic level.

2.1.) Are redeployment departments a feasible measure to increase internal job flexibility? (case study from Germany / Gernot Mühge)

The case study on the German model of "internal job markets" illustrated how to improve internal job flexibility. Though in some respect similar to the macro-economic Swedish model (see 2.3.) in terms of the general pattern, this approach is a micro-economic support tool and refers to job transition in one organisation.

The main objective of this model is to manage restructuring without dismissals by redeploying workers within the restructured organisation. The "redeployment departments" instruments / means are consulting, qualification and training, job search support and internships. The approach is not yet very common. In a study we could find about 50 redeployment departments in German organisations (50% in the private and in the public sector). The instrument is more typical for large employers with more than 1000 employees. The study revealed that the redeployment departments are rather successful in terms of company-internal "flexicurity" yet rather unknown and underestimated. They provide a high level of social security for redundant workers and are thus feasible to mitigate the negative impacts of restructuring.

2.2.) Example of job flexibility / redeployment in the course of restructuring in a central state administration (case study from Portugal / Carla Peixe)

Based on a growth programme in the years 2005-2009 the Portuguese government put an enormous effort on the improvement of service quality, effectiveness and cost reduction in the public services. The "Reduction of the Central State Administration" actually aimed at reducing more than 30% of the public structure. For this purpose the government approved a law in 2006 encompassing the closure and reorganisation of public service organisations. In the same year they also passed a law on the maintenance / improvement of Human Resources providing regulations for the redeployment and transfer of people in order to enhance job mobility and flexibility.

The contribution depicts the Portuguese combined experiences of considerable law induced reductions of the public sector and measures to mitigate negative outcomes for the employees by supporting them in terms of mobility and flexibility.



2.3.) How can national labour market instruments provide job flexibility / mobility? (case study from Sweden / Lars Walter)

The case study depicted the job security agreements – a Swedish national labour market instrument organised by the Job security councils. These are based on insurance rates and available for every organisation under restructuring. The Swedish Job Security Foundation for the government sector was founded in 1990 and covers 250.000 employees. The fee – paid by the employers – is 0,3% of labour costs. The job security agreement refers to preventive measures, job search support, financial support and individual rights. It can be regarded as an institutional form of SD. The job security councils can be regarded as permanent state structure organising and mitigating restructurings. Generally Sweden combines relatively liberal labour laws with a strong system of collective bargaining which is underpinned by very high levels of union density (around 70%, yet currently declining significantly). This system of transition measures is based on Job Security Agreements which are collective agreements organized through Job Security Councils. These councils are permanent institutions that manage all forms of restructuring including job losses. As long term permanent institutions they have become repositories of a great deal of knowledge and experience in how to manage restructuring, the implications of social dialogue in restructuring and particularly how to mitigate the negative effects of restructuring for workers.

The Swedish example demonstrated the benefit of defined structures in order to support restructuring.

2.4.) Considering the challenges of demographic change: Are older employees more vulnerable in restructurings as they might be less flexible? (case study from Germany / Birgit Köper)

The German case study analysed data from a national survey on working conditions and revealed that regardless of age all employees had to face work intensification, more stress and more health problems in restructured versus non restructured organisations. Yet against expectations, older Employees were not a particularly vulnerable group in this case study. Due to the national and sectoral high standard of job security and the principle of seniority the employees did not face redundancy. They did not suffer from more stress or health impairments compared to their younger colleagues. The lesson learned of this case was: The specifics of the restructuring and the setting in which it takes place (national system, sector, specific restructuring measures, management of the restructuring, standard of education and training within the organisation, contractual conditions, principles such as seniority) define in how far workers of all age groups suffer negative impacts. Due to this variance it can not be claimed that older employees are generally more vulnerable in restructuring.



3.) The role and potentials of Social Dialogue in times of restructuring

As mentioned before the potentials of Social Dialogue in restructuring was the most important focus of the workshop as the main question of Renewals was how far social dialogue can influence the process of restructuring positively in relation to socially responsible and innovative approaches that stress and ill health rather than merely employment matters

3.1.) Are some national systems more likely than others to provide Social Dialogue, which is capable of mitigating negative outcomes? (International comparison with focus on Germany and the UK / Greg Thomson)

The contribution demonstrated that there are significant differences between and within countries in the enforceability of agreements reached through social dialogue. With social dialogue in some countries producing binding legal obligations whilst in others agreements are not binding. In some countries the public sector (compared to the private sector) receives less coverage through social dialogue with the State less bound by agreements.

Formal consultation tends to focus on discussing how to implement decisions that had already been taken rather than having a significant impact on the nature and extent of restructuring. This has been characterised alternately as rubber stamping decisions or humanising the process of restructuring for workers. Whilst social dialogue occurs at varying levels (nationally and locally and regionally), in some countries there can be a disjunction between the sites of social dialogue and the sites of decision making leading social dialogue to be meaningless in these situations.

There is no coherent system of social dialogue in Europe. Despite the European directives on consultation and risk assessment there is no framework for social dialogue.

We raised the question whether the significant national differences of social dialogue due to legal conditions and traditions of negotiation could be identified as more or less effective in terms of mitigating negative restructuring impacts on workers. However, we found that despite the national differences there were even more differences within than in between the systems.

Moreover we found that different systems of social dialogue and codetermination for instance in liberal-market versus social market systems the final outcomes of the social dialogue process can achieve very similar results

However, the concrete case studies (3.2.-3.5.) demonstrated that SD in the public sector is actually feasible to influence the process of restructuring in a positive and socially responsible way. Though SD could not avoid all negative impacts on workers



it proved to be able to mitigate them.

3.2.) What are key issues of social dialogue agreements in ongoing outsourcings? (case study from the UK / Leroi Henry)

The key aims of this study were to focus on outsourcing and the subsequent transfer of contracts between a council and a succession of providers of roads maintenance and strategic transport services.

It looked at how over the last 10 years the outsourcing of services has gone from having exemplary levels of social dialogue and social protection to antagonistic social partnership and minimal social protection. It also looks at how the council and contractor managed redundancies. A lack of binding agreements, largely based on informal personal relationships established between unions and managers whilst initially positive eventually proved problematic as managers abided by these informal agreements in period of plenty but during the crisis reneged and cut social protection.

The results suggested that social dialogue based on informal agreement and close relationships between the social partners need to be embedded in formal agreements to be sustainable. In ongoing outsourcing processes social dialogue might have only minor effects, as the new work agreements often provide worse contractual conditions – also in terms of social dialogue options.

If social dialogue is due to be effective and successful it requires a high amount of resources in terms of training, support and time.

3.3.) Social dialogue in the restructuring of a national health system (case study from France / Dominique Paucard)

The case study addressed the restructuring issues around the reconfiguration of key aspects of the French health system by reorganising the Regional Health Agencies which coordinate the provision of public and private health services at a local level. Although social dialogue would have been, in theory, key to this process, in practice only one union was involved in the anticipation and social dialogue around restructuring. To support union officers in engaging with the restructuring training was provided. There were several innovative features of this project which were built upon specific forms of social dialogue and interaction e.g. participants were encouraged to develop new ideas to social dialogue and restructuring and to challenge their existing approaches. Challenges (amongst others) related to the social dialogue in the French public sector: there were no obligations to consult or provide information on restructuring. Bargaining was not possible as the public sector has managers rather than a specific local employer with whom to bargain. There was no obligation to conceive and implement an assessment of the social impact of restructuring.



In this context, the innovative role of the union presupposes that results, benefiting to the workers, can be obtained by other means than systematic opposition.

3.4.) The role of social dialogue in the restructuring of the national post services (case study from Bulgaria / Irina Terzyska)

The Bulgarian post experienced dramatic changes in 2011 accompanied by significant reductions of wages and social benefits, job losses and work intensification. The reasons for this development were changes in national legislation, tremendous decrease in letter mail volumes and negative financial results, the global economic crisis and the implementation of new technologies. The measures of restructuring included administrative centralisation, outsourcing of organisational units and optimised processes.

The union density in the state company was very high (92% before the restructuring) and the social dialogue has a long and positive tradition. This led to a new collective agreement between social partners. The main emphasis was to avoid compulsory job losses through developing a programme of voluntary redundancies. Thus even though the restructuring was significant the decrease of staff could be mitigated mainly due to the high density and the constructive approach of unions towards using their knowledge and skills., important topics could be discussed and jointly defined and an agreement signed by TU and the Post management could be achieved. This agreement referred to the re-definition of job descriptions and more transparent criteria for further dismissals. Moreover a new CLA was signed which defined the provisions in future restructurings.

3.5.) Social dialogue in a long ongoing restructuring history (case study from France / Claude Emmanuel Triomphe)

This case study referred to the restructuring in the French post / telecom. After many years of consecutive restructurings from the early 90ties on (separation of post and telecom, privatisation, reduction of post offices, downsizing) with significant impacts on the workers such as the increase of accidents and absenteeism and finally six suicides in 2012 specific multi-tier measures of social dialogue were initiated called “the grand dialogue”. It was launched by the central management and referred to

- Local dialogue at territorial levels in small groups enabling employees to express their concerns reaching to almost 110.000 people
- Setting up a national tripartite commission to discuss the social situation and the negative impacts of the restructuring on employees
- Launching a range of negotiations to improve well being at work.

The initiative lead to more consideration of the employees situation and concerns in



restructuring, the deceleration of organisational change and new recruitment in order to reduce work intensity, recommendations in terms of culture of change, facilitation of social dialogue and the resolution of an agreement about well being at work signed by four important TU.

Lessons learned

Restructuring in the public sector has become a significant phenomenon. The cliché of “sleeping (public) beauty” does not apply any more. Depending on the national systems of legislation and public sector characteristics there are (core) groups of workers who still have considerable job security. However there is a growing proportion of people who lack this security due to changes in the contractual conditions in the public sector so that the workforce is two- or even multi-tier in terms of job security.

Due to the considerable measures to increase effectiveness, efficiency, customer-orientation by reducing staff and implementing new management approaches such as management by objectives, work intensification and stress have increased in the public sector, even if there were less dismissals than in the private sector.

Union density in the public sector is traditionally higher, yet there are considerable differences between the national systems in Europe due to the variance of legislation and industrial relations.

It is known that the breach of psychological contracts has an influence on the change in terms of job satisfaction, perceived workload, stress and medium term impact on health. Given the tradition of high job security in the public sector the decline in this respect might lead to more and more severe mismatch of expectations and actual working conditions in the public compared to the private sector in which efficiency was always “the rule of the game”.

Social dialogue is crucial to mitigate the negative social outcomes of restructuring. The public is the sector that in most EU member states now has the highest proportion of workers reporting trade union membership and continues to have a more extensive social dialogue than the private sector. Linked to this and to the public service obligation to provide positive examples of service provision and of staff engagement, the sector is clearly important as a potential example of the benefits of effective social dialogue.

However, recommendations how to restructure in a socially responsible way no better known in the public than in the private sector and the process of social dialogue does – broadly speaking - not mitigate negative impacts on workers more effectively. Furthermore they were barely compatible to influence structure optimisation, business strategy, related financial topics and management priorities in a positive way reducing socially negative outcomes.

Crisis, Social Dialogue and Renewals in Restructuring

Restructuring in Public Services



There are well established systems of social dialogue in the public sector all over Europe even if within countries there were often differences in social dialogue between sectors and within sectors there were differences in the categories of employees covered by social dialogue with peripheral workers often excluded. Issues covered by social dialogue include terms and conditions and salaries which are usually negotiated and restructuring such as job losses and relocation which usually involves consultation.

Yet it requires a minimum of strategic thinking and behaviour of social partners, but there is plenty of evidence that both the management levels of many organisations and workers' representatives (unions and works councils) who are faced with restructuring tend to "muddle through" instead of making a critical review of their resources and of their options in social conflict-partnership. This makes it more difficult for these "spontaneous actors" to make a serious investment in social dialogue and in considering potentially negative social outcomes.

But once/if they have started to define their own position and their possible choices in the effort to find a common understanding with the other involved social dialogue becomes a catalyst of a new more anticipative and responsible approach towards restructuring. In this perspective we may reformulate the phrase at the beginning of this paragraph: Social Dialogue requires and fosters strategic thinking and behaviour of social partners and helps to deal with restructuring in a more responsible way.

Beyond the focus on employment and re-deployment, social partners – the employers AND the employee representatives have to consider the potentially negative outcomes of restructuring in terms of workload, stress and ill health.

Surely change can not be avoided and the adaptation to change is crucial for the competitiveness of the organisations, the national economies and of Europe. What we think, however, is that some of the negative outcomes can be mitigated or even avoided by considering the change of working conditions and demands in times of restructuring. This is true for both the private and public sector.

However, as we have seen, the public sector is specific in some respect. This has to be considered in terms of managing change successfully and socially responsibly.

The case studies demonstrated that innovative approaches of social dialogue are available and that by means of such approaches the course and the outcomes of restructuring can be influenced in a positive way.

We think bringing in the social aspect to restructuring and considering the often unintended, undetected and underestimated effects of restructuring with respect to the workforce matters and we want to make a noticeable contribution to well and socially responsibly managed organisational change in the public sector:

Improving both the quantity and quality of Social dialogue seems to be crucial in this respect.

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