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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**EU Quality Framework
for anticipation of change and restructuring**

1. INTRODUCTION

This Communication presents an EU Quality Framework for Anticipation of Change and Restructuring (QFR). It follows on from the Green Paper ‘Restructuring and anticipation of change: what lessons from recent experience’ of 17 January 2012¹ and the request made by the European Parliament on 15 January 2013 in its Resolution on information and consultation of workers, anticipation and management of restructuring based on Article 225 of the TFEU (known as the Cercas Report)².

We face major challenges in seeking to raise employment levels and tackle unemployment by increasing the use of active labour market policies and by reforming education and training systems to make sure jobseekers are equipped with the right skills and companies can rely on a competitive workforce. All of this requires good anticipation as well as tools to match labour supply with demand to the fullest possible extent. Facilitating business adaptation and labour market transitions via better anticipation of human capital needs should be seen in this wider context.

As necessary and unavoidable as it may be, economic adjustment and restructuring may have an employment and social impact that should be addressed by adequate policy means. A total of 250 restructuring operations were recorded by the European Restructuring Monitor (ERM)³, for the third quarter of 2013. These cases generated 57 081 announced job losses and 27 792 announced job gains, thus amounting to a net loss of 29 289 jobs.

The QFR requires certain principles and good practices of anticipation of change and management of restructuring activities within companies, as well as by public authorities, to be better identified and monitored. These should, in particular, facilitate investment in human capital and lead to the reallocation of human resources to activities with high growth potential and quality jobs as per the Europe 2020 strategy, while increasing the quality of working conditions.

The approaches outlined in this QFR will contribute to companies’ long-term competitiveness and sustained employability of their workers and mitigate the associated expense, including the social cost of change. This approach also ties in with major political objectives of the EU, essentially those set out in the Europe 2020 strategy and other major initiatives in pursuit of sustainable economic competitiveness and job-rich recovery, especially in the real economy.

This QFR mainly addresses the employment and social dimensions of the anticipation of structural change. A broader perspective on structural change includes not only the labour impact dimensions but also the industrial and larger social impact of structural change on the cities and regions where it takes place. In that context a discussion on structural change also relates to the role of industrial and regional policies in anticipating the adjustment of regions and industry to structural changes. In that vein, the ‘smart specialisation’ strategies to be developed in the framework of EU Structural Funds for 2014-2020 are relevant and as such an avenue that should be further pursued by the Commission.

¹ COM(2012)7 final.

² <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0005+0+DOC+XML+V0//EN>

³ The European Restructuring Monitor (ERM) is a unique EU-wide dataset on larger-scale restructuring events. It monitors the announced employment effects of restructuring in the EU28 and Norway. The ERM relies on reports in selected media titles (three to five per country). All announcements involving the reduction or creation of at least 100 jobs, or affecting 10% of the workforce in companies employing 250 people or more, are taken into account. Given that the ERM relies on selected media titles, its coverage of restructuring activity in each Member State is indicative and cannot be considered representative. Nevertheless, ERM data do generate a good picture of labour market restructuring that is broadly consistent with data coming from more representative sources such as the European Union Labour Force Survey.

The Commission believes that presenting the good practices in this field developed throughout the years to all the concerned stakeholders can contribute to increased awareness and more effective and generalised implementation of anticipative, proactive and socially responsible management of change and restructuring to the benefit of all of these stakeholders and to society as a whole.

With that in mind, the Commission calls on Member States to support and promote the implementation of the QFR through appropriate means and urges all stakeholders to cooperate on the basis of the principles and good practices outlined. The Commission will monitor the way in which the QFR is applied and consider the need to revise it by 2016. It will keep the European Parliament informed of the results.

2. POLICY CONTEXT

The EU has a comprehensive legal framework for regulating the way in which social dialogue within companies and groups of companies should address, amongst other issues, anticipation of change and restructuring events.

We use the Structural Funds, and in particular the European Social Fund, to support economic adaptation, labour market transitions and social protection of workers made redundant or at risk of redundancy. The EU has also created a specific instrument, the European Globalisation Adjustment Fund (EGF), to help workers who have lost their jobs.

Moreover, the social partners and the Commission have launched several specific initiatives in the field of anticipating and managing change and restructuring (details in Annex I). The latest, a January 2012 Green Paper on Restructuring, has identified successful practices and policies in relation to anticipation and restructuring that were applied during the worst years of the crisis.⁴

All these efforts should be seen as integral parts of the Commission's drive to get Europe's economy back on track via the implementation of the Europe 2020 strategy, the European Semester and other major initiatives in the field of employment, skills and industrial policy.

The Commission has recently taken the initiative to modernize the Union acquis on insolvency law. This reform of the EU's insolvency rules tries to facilitate the survival of businesses and presents a second chance for entrepreneurs. One of the main objectives of this new, 'rescue-oriented' European approach to business failure and insolvency is to preserve jobs and save employment.

⁴ In its resolution adopted on 15 January 2013, the European Parliament requested the Commission to come forward with a new initiative on information and consultation of workers, anticipation and management of restructuring, following the Parliament's detailed recommendations set out in the resolution.

2.1. The contribution of EU labour law to restructuring

The EU Directives on information and consultation of workers⁵ provide mainly for the involvement of workers' representatives in the restructuring process (granting them procedural rights to information and consultation). They play a crucial role in promoting an approach aimed at anticipating change and encouraging cooperation in responding to it.

Timely information and consultation of workers is of particular importance in anticipating change and duly preparing for and managing restructuring. Moreover, it can help diminish job losses, whilst also maintaining employability levels and lowering adjustment costs through the use of internal flexibility.

As part of the Commission's better regulation policy, its 'fitness check' on EU law in the area of workers' involvement examined three Directives related to worker information and consultation at national level⁶ (Directives 98/59/EC on collective redundancies, 2001/23/EC on transfers of undertakings and 2002/14/EC on a general framework for information and consultation of workers).

It concluded that this legislative framework is broadly fit for purpose. The three Directives are generally relevant, effective, consistent and mutually reinforcing. The benefits they generate are likely to outweigh the costs. Moreover, the Directives seem to have contributed to cushioning the shock of the recession and mitigating the negative social consequences of restructuring operations during the crisis.

Nevertheless, the evaluation brought to light some gaps and shortcomings relating to the scope and operation of the Directives. The exclusion of smaller enterprises, public administrations (in contrast to public undertakings, which are covered) and seafarers from the scope of application of the Directives was questioned by some stakeholders as diminishing the practical value of the Directives for a significant proportion of the workforce.

The fitness check also drew attention to some factors that may in specific circumstances have contributed to reducing the effectiveness of the Directives, including: the (low) incidence of representative bodies; the quality of their involvement (in particular the way they are consulted, which is often limited or formal); their strategic influence; insufficient awareness of rights and obligations; compliance and law enforcement. As a result, some of the Directives' aims, in particular a reduction in the number of collective redundancies, improved management and anticipation of change, and better adaptability and employability of employees, appear not to have been fully achieved.

Finally, the fitness check pointed to possible inconsistencies between the Directives on information and consultation of workers as regards in particular definitions. Addressing these shortcomings will help improve restructuring at company level as well.

As far as non-legislative actions are concerned, research has highlighted the importance of establishing a culture of social dialogue, of making both employees and employers aware of information and consultation rights and obligations at company level, and of effectively enforcing these rights in the event of non-compliance.

⁵ See list in Annex I

⁶ SWD(2013) 293, <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1942&furtherNews=yes>

In terms of a legal framework, the Commission has undertaken to look into the possibility of consolidating the information and consultation Directives. This was confirmed in the REFIT Communication adopted by the Commission on 2 October 2013⁷. The Commission will consult the social partners at European level in accordance with Article 154 TFEU.

2.2. The EU financial support instruments

The success of EU businesses and industry on global markets depends on their having access to a highly skilled and adaptable workforce.

With more than €10 billion invested across the EU every year, the European Social Fund (ESF) is the main financial tool that is used to invest in improving the skills of the workforce and its capacity to adapt to change. It does so by supporting reforms of initial education systems, putting particular emphasis on better matching of the skills taught with those needed on the labour market (for example, equipping people with transferable competences such as digital skills, languages or entrepreneurship), improvement in terms of achieving the transition from school to work (for example, supporting additional vocational training, apprenticeships or internships) or by enhancing the provision of lifelong learning both on the job and separate from it. All these interventions not only enhance the opportunities of individuals on the labour market but also help employers to have access to employees with the right skills and the capacity to adapt to changes, with a positive impact on competitiveness.

In order to fully exploit the ESF’s potential, it is essential that all relevant stakeholders, and in particular the social partners, are involved in the programming and where appropriate also the implementation of the interventions. The minimum that is needed in view of the next financial period 2014-2020 is for the Member States to observe the rules set out in the upcoming Commission Delegated Act on the application of the partnership principle.

Complementing the ESF, the European Globalisation Adjustment Fund (EGF) provides one-off, time-limited individual support to help workers made redundant in difficult circumstances and most often as part of mass lay-offs. The EGF helps workers cope with the negative consequences of restructuring by financing measures such as job-search assistance, career advice, tailor-made training and re-training, and promotion of entrepreneurship, as well as individual allowances for participating in various reskilling and training activities.

Since its inception, from the beginning of 2007 up to August 2013, the EGF has received 110 applications from 20 Member States and supported more than 100 000 workers⁸.

Breakdown of EGF applications for industrial sectors 2007-August 2013	
Automotive	19
Machinery and Equipment	12
Textiles	10

⁷ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "Regulatory Fitness and Performance (REFIT): Results and Next Steps", of 2 October 2013, COM(2013) 685 final,

⁸ See the Report from the Commission to the European Parliament and the Council on the activities of the European Globalisation Adjustment Fund in 2012, of 14 November 2013, COM(2013) 782 final.

Printing industry	9
Construction of buildings	7
Mobile phones	6
Basic metals, Electronic equipment	5
Wearing apparel	4
Retail trade	3
Shoes, Carpentry and Joinery, Metalworking; Domestic appliances; Shipbuilding	2
Other (20 sectors)	1

In the next programming period 2014-2020, both the ESF and the EGF will continue to finance human capital investments. The ESF, together with the new Youth Employment Initiative, will provide strong support to youth employment and support the implementation of Youth Guarantee schemes, while the EGF will co-finance measures supporting workers made redundant not only as a result of globalisation but also because of major economic crises.

The ERDF also contributes to the reinforcement of economic and social cohesion by redressing the main regional imbalances through support for the development and structural adjustment of regional economies, including the conversion of declining industrial regions and regions lagging behind, and support for cross-border, transnational and interregional cooperation. This support strengthens competitiveness and innovation, creates and safeguards sustainable jobs, and ensures sustainable development. In the next programming period 2014-2020, this task for ERDF will continue.

The European Agricultural Fund for Rural development (EAFRD) post-2013 offers several instruments which help accompany economic and social changes in rural areas. It supports farm and business development, investments in the setting up, improvement and expansion of basic services for population and related infrastructure as well as economic, environmental or social co-operation among different types of actors. This can be complemented by training and information actions aimed at the operators in the agricultural, food and forestry sectors as well as SMEs operating in rural areas.

The European Maritime and Fisheries Fund (EMFF) also supports human capital investments to better match the skills of the operators with those needed, either in the fisheries and aquaculture sector, or more generally on the labour market, for example by supporting apprenticeships or lifelong learning. The EMFF can also contribute to the strengthening of the competitiveness not only of the fisheries and aquaculture sector, but also of the marine industries and more generally of the coastal economies.

Erasmus+, the EU's education, training and youth programme for the period 2014-2020, also contributes to supporting life-long learning policies. Its architecture integrates the different educational sectors and bridges the gap between formal, non-formal and informal learning.

The new Erasmus+ programme will support inter alia reforms in Member States to modernise education and training systems and promote innovation, entrepreneurship and employability.

2.3. Sectoral initiatives

In several industrial sectors particularly affected by restructuring, such as the automotive, steel, defence, chemical, printing and textile sectors, intense cooperation has been developed in recent years at EU level between the Commission, national and regional authorities and the main industry and trade union representatives or within the European social dialogue context. This cooperation has resulted in specific guidance for the relevant actors on how to better anticipate and manage change and restructuring⁹. It should be stressed that many of the good practices presented in the QFR below are already implemented by many companies and industrial sectors. Examples of these recommendations are given in Annex II with regard to the automotive and steel sectors.

2.4. The January 2012 Green Paper

As part of the Europe 2020 strategy and in particular the flagship initiatives 'An integrated industrial policy for the globalisation era' and 'An agenda for new skills and jobs', the Commission adopted the Green Paper on 'Restructuring and anticipation of change: what lessons from recent experience?', aimed at identifying successful practices and policies geared to restructuring and adaptation to change in the context of recovery from the crisis and with a view to maintaining the competitiveness of the workforce and facilitating job-to-job transitions.

HIGHLIGHTS OF THE RESPONSES TO THE GREEN PAPER¹⁰

A broad consensus exists on the crucial importance of anticipative and proactive stances, especially at company level, but also at regional and sectoral levels.

Almost all the respondents highlighted the role of social dialogue and transparency in decision-making as a major factor for building trust and consensus amongst all the stakeholders.

Much was made of the essential nature of training and skills enhancement as a permanent feature of working lives, in order to increase companies' competitiveness and the employability of workers.

There was divergence on the adequacy of an EU instrument in this field.

European social partners agreed on the importance and relevance of this topic for their work and willingness to co-operate further.

3. WIDER POLICY IMPLICATIONS

3.1. The macro-economic context

The 2008 financial and sovereign debt crisis has had a strong impact on the European economy. The legacy of the crisis, deleveraging, fragmentation of financial systems and credit

⁹ See, for the automotive and steel sectors, http://ec.europa.eu/enterprise/sectors/automotive/cars-2020/index_en.htm and http://ec.europa.eu/enterprise/sectors/metals-minerals/files/steel-action-plan_en.pdf

¹⁰ More detailed results of the Green Paper can be found on: <http://ec.europa.eu/social/main.jsp?langId=en&catId=699&consultId=9&furtherConsult=yes>

markets, and high levels of unemployment will continue to weigh on growth in the coming period. Its impact will gradually subside as accumulated macroeconomic imbalances are corrected. Improvements in the labour market will take time to materialise, with unemployment expected to remain unacceptably high in many parts of Europe for some time to come, and the broader social situation remains depressed.

Policy challenges arise from this environment. For economic activity to resume on a sustainable basis, the composition of output would also have to change. In particular, the countries that were concerned by large external imbalances before the crisis need to expand their export sector and improve price and non-price competitiveness. The weight of tradable industries has to rise, which implies a shift of resources away from the non-tradable sector. Competitiveness gains may require the adoption of more resource-efficient technologies, better support and investments in skills and different ways to organize production.

At the same time, the current macroeconomic context, characterised by subdued labour demand, persistently low job finding rates and rising shares of long-term unemployment, increases the social costs of on-going restructuring processes. This calls for effective policy frameworks to support and accompany all actors involved in such processes.

3.2. Restructuring and job rich recovery in the context of the Europe 2020 strategy

The EU has responded with determination and economic reforms to the severe impact of the crisis. As a result, progress has been made in restoring macroeconomic and financial market stability by improving governance and introducing policy and regulatory reforms to meet the requirements of a genuine monetary union.

In 2010, the Commission launched the Europe 2020 strategy for smart, sustainable and inclusive growth¹¹. Each year, the Annual Growth Survey (AGS) sets out the key priorities for the forthcoming year. The 2014 AGS confirms that the promotion of growth and competitiveness, as well as tackling the employment and social consequences of the crisis, are at the core of the EU policy agenda.

In this context, the AGS underlines that restructuring goes hand-in-hand with a return to growth as companies and households shed excessive debt and production factors move to more productive sectors of the economy. Recovery means finding new sources of growth and competitiveness for the longer term, with knowledge-intensive and high-productivity activities for the European economy – this cannot be achieved without a properly managed process of restructuring of the EU industrial base and of the economy more generally.

The AGS also emphasizes the need for supporting job creation in areas that will generate significant job opportunities in the years to come. The green economy, the digital and health sectors have been identified as fast growing sectors emerging from profound structural transformations of our economy and society. This calls for developing strategic frameworks in which labour market and skills policies play an active role in supporting the job creation in these sectors and anticipating and adjusting to new patterns of growth, in particular for fast-growing tech startups.

The development of these policy priorities takes place at EU level in the context of the European Semester, when recommendations for structural reforms supporting economic growth, competitiveness and employment are issued to Member States. Deeper look into our microeconomic policies, their implementation and governance arrangements is also needed.

¹¹ COM(2010) 2020, Europe 2020 - A strategy for smart, sustainable and inclusive growth.

Macroeconomic policy reforms carried out to stabilise the EU economy need to be complemented by well-coordinated microeconomic policy initiatives that can unlock our productive potential and increase competitiveness.

3.3 The role of industrial policy

Macroeconomic uncertainties and structural rigidities present a worrying outlook for European industry. Although lead indicators now available suggest that our industrial performance will improve. Our external performance has improved significantly but we are still below pre-crisis industrial production levels and private investment remains low.

In 2010 the Commission put forward an integrated industrial policy¹² that was updated in October 2012¹³. An important priority of the new industrial policy is to help EU industry to recover swiftly and to make the necessary adjustments after the economic crisis. This means supporting reallocation of labour from declining sectors and activities to those that are growing. Better anticipation and management of restructuring would help employees as well as companies to better adapt to transitions imposed by excess capacities and modernisation, and innovation needs ensuing from economic change and structural adjustment.

Investment in innovation is a major way to support European industries, together with investment in new skills for better jobs. Europe needs highly qualified professionals if it is to succeed at the global level through innovation. Future growth and exit from the current crisis relies heavily on increasing investment in research and fostering innovation and an appropriately skilled workforce. This integrated approach is the very essence of the Europe 2020 strategy for growth and jobs.

A competitive and efficient industrial policy relies on dynamic labour markets. Boosting the job creation potential of key markets through new synergies with relevant EU policies, and dealing with the labour market challenges related to structural change in the framework of social dialogue are therefore deemed key elements of a competitive and efficient industrial policy.

Structural change and innovation are a force of both job destruction and of job creation. Proactive strategies can only, notably through innovation, facilitate socially inclusive transitions and allow us to better address the issues of growing unemployment and social exclusion.

3.4. The dynamics of labour markets

The European Semester consists in a new approach whereby Member States and EU institutions are strengthening the economic policy coordination, also including strengthened coordination of employment and social policies, and monitoring actions to support Europe 2020 objectives, notably the employment ones.

At a time where the social impact of the crisis is still being heavily felt and unemployment rates remain historically high¹⁴, restoring the dynamics of labour markets throughout the EU

¹² COM(2010)614 An Integrated Industrial Policy for the Globalisation Era Putting Competitiveness and Sustainability at Centre Stage.

¹³ COM(2012)582 A Stronger European Industry for Growth and Economic Recovery.

¹⁴ Draft Joint Employment report accompanying the Communication from the Commission on Annual Growth Survey 2014, of 13 November 2013, COM(2013)801 final.

is essential. In the 2012 Employment Package¹⁵, the Commission emphasized the roles of quality employment transitions, skills investment and mobility.

Timely anticipation of change and of human capital needs can contribute to a job rich recovery and to the transition to smart, sustainable and inclusive growth. It would substantially promote companies' competitiveness, enhance the employability of workers as well as working conditions and support employment. Public authorities, including at regional level, have a vested interest in being involved to facilitate the attainment of said objectives while also diminishing social hardship.

Avoiding mass redundancies and the decline of entire regions or the relocation of entire industries, often with a heavy cross-border impact, is a key objective that can be met by facilitating economic conversion and successful economic transitions. In that regard, the QFR will help to reinforce businesses', workforces' and regions' ability to adapt smoothly to a fast-changing economic environment.

Another important aspect is the potentially heavy societal costs which can arise from restructuring operations and which have to be borne by public authorities, particularly as regards unemployment, increased inequality and poverty, etc. These costs weigh greatly on public finances and can hamper economic recovery at national level. A common European perspective on restructuring processes could help prevent the occurrence of such costs or distribute their burden among the various stakeholders involved in restructuring operations.

The EU has built a strong system of employment and social protection that, combined with a relatively high level of education, has been the basis for its economic and social prosperity. On the other hand, that system has been designed to support job stability with little emphasis on promoting worker adaptability and as a result is increasingly unsuited to giving individual workers a real chance of a professional future when their jobs are at risk.

Present and future fast-changing business environments will test organisational capacities that are needed to ensure anticipation of changes as well as rapid and smooth reallocation of resources, especially human ones, from declining activities to emerging ones. The economic and financial crisis and the concomitant acceleration of change make it more important than ever for Europe to address those weaknesses. Good anticipation and socially responsible management of restructuring will greatly contribute to this.

Security in employment transitions is crucial. A lifelong career characterised by a number of moves is now a reality for many workers. The quality of the transitions will determine the quality of a worker's career and is essential in order to provide individuals with the necessary means to maintain their employability and make transitions work. Access to lifelong learning, in the context of either employment or unemployment, is essential if employability is to be maintained.

Anticipating restructuring could pre-empt crisis situations through proactive and negotiated management of restructuring operations and structural change. These approaches should include measures such as continuous monitoring of employment and skills needs and constant skills enhancement programmes for workers in order to sustain their employability and facilitate their transition to new jobs in the event of restructuring.

Public employment services (PES) have an important role to play in supporting labour market transitions. They are the bridge between jobseekers and employers. Although the structure of

¹⁵ *Towards a job rich recovery*, COM(2012) 173 final, 18.4.2012, <http://ec.europa.eu/social/main.jsp?catId=1039&langId=en>

PES differs from country to country, they all help match supply and demand on the labour market through information, placement and active support services at local, national and European level. Better collaboration between PES can improve their capacity to effectively respond to restructuring.

The New Skills for New Jobs initiative seeks to promote better anticipation of future skills needs, develop better matching between skills and labour market needs and bridge the gap between the worlds of education and work. The Communication on "Rethinking Education"¹⁶ establishes a comprehensive policy framework for education and training with a view to ensuring that the labour force is equipped with the right skills.

High-quality apprenticeships and other work-based learning schemes such as traineeships help provide the skills that are relevant to the labour market. They can thus contribute to better skill matching and economic competitiveness. The Commission launched the European Alliance for Apprenticeships¹⁷ to enhance the supply, quality and image of apprenticeships. It has also proposed a Quality Framework for Traineeships¹⁸ to improve the quality of traineeships¹⁹.

The potential of intra-EU labour mobility for addressing the challenges of restructuring remains under-exploited. The Commission will put forward a proposal for a Regulation aimed at strengthening the EURES network in order to better address mismatches and imbalances in the European labour market and facilitate recruitment across the EU, notably through enhanced workers' access to intra EU labour mobility support services. The Commission will also be working to simplify and improve the rules on social security coordination and their impact on labour mobility in the coming months.

3.5. A crucial issue for SMEs

A European framework would also prove useful in the case of small and medium-sized enterprises (SMEs) as they face greater difficulties in anticipating change and finding skilled workers. Due account should be taken of their specificities and especially of their need for a predictable and stable environment allowing them to be competitive on both local and global markets. Therefore, rather than having SMEs face additional burdens, the QFR is geared to action being taken by other actors (bigger companies, public authorities) that will allow SMEs, which have less human and financial resources, to develop their own planning strategies and to anticipate their skills needs through appropriate training of their employees. In addition, when implementing the actions under this QFR, special attention should be paid to the specificities of fast-growing SMEs, which often require fast recruitment and reallocation of workforce, as well as the availability of a pool of skilled workers

3.6. An emerging issue for a public sector in transition

Public sector employees in virtually all countries have also been affected by the crisis as governments seek to reduce the size of the public sector. Public administration reform has included pay freezes, pay cuts, and changes to contractual arrangements and working conditions, as well as reductions in staffing levels.

¹⁶ COM (2012) 669 final.

¹⁷ http://ec.europa.eu/education/apprenticeship/index_en.htm

¹⁸ Proposal for a Council Recommendation on a Quality Framework for Traineeships, of 4 December 2013, COM(2013) 857 final

¹⁹ Trainee and fellowship support programmes, like Horizon 2020 Marie-Sklodowska Curie fellowships are also important in this regard.

As public sector employees, including civil servants, see their employment relationship becoming more and more like a private sector contract, especially with regard to job security, it appears not only legitimate but also necessary to extend to them also the adaptation mechanism envisaged.

Moreover, the public sector employs approximately 25% of the workforce in the EU, and it plays a pivotal role in shaping our economy and society. Stimulating innovation inside the public sector (e.g. through intensified collaboration, the co-creation of solutions with citizens, fostering a culture of experimentation) can play an important role in improving the quality of public sector jobs and the services they provide. Having an effective and innovative public sector generates more innovation in the wider economy and therefore more growth and jobs.

The Commission therefore calls on Member States to explore ways of applying the proposed QFR to public sector employees, regardless of the statutory nature of their employment relationship.

A particularly relevant aspect of the transition mentioned is when the provision of public services moves from public monopolies towards concession systems as then the renewal of concessions entails restructuring episodes. This will require a degree of labour mobility as well as anticipation and management work from the parties involved. This effort, and the public support needed, will be bigger when a concession system is introduced for the first time.

4. CONCLUSION

On the basis of the evidence and arguments put forward, the Commission presents to all stakeholders the following QFR, based on practical examples found within a variety of national frameworks, industrial relations systems and social contexts. Even if some of the good practices referred to below are not automatically transferable, they can serve as a source of inspiration and guidance.

The Commission calls on:

- Member States to support, disseminate and promote the wide application of the QFR and urges all stakeholders to cooperate on the basis of the principles and good practices outlined;
- all stakeholders to conceive and implement dedicated principles and tools to support SMEs in their restructuring efforts;
- Member States to consider applying the proposed QFR to public sector employees, regardless of the nature, statutory or contractual, of their employment relationship;
- Member States and regions to use EU funds, in line with State aid rules and in support of investments anticipating and facilitating industrial change also from an industrial policy perspective in the framework of the Europe 2020 strategy, and developing human capital via skills enhancement and training, as well as mitigating the adverse social consequences of restructuring by supporting re-employment of workers who are made redundant (ESF and EGF);
- the social partners to contribute to reinforcing this QFR and to ease the economic adaptation process by drawing up and negotiating at the relevant level (national, sectoral, company, etc.) frameworks of action on anticipation of change and restructuring and internal flexibility.

The Commission will monitor the way the QFR is applied in the EU and send monitoring reports to the European Parliament and the social partners. Based on these reports and an accompanying political assessment, the Commission will consider to revise the QFR by 2016

if need be. This revision will establish whether further action is necessary, including a legislative proposal.

QUALITY FRAMEWORK FOR ANTICIPATION OF CHANGE AND RESTRUCTURING

Anticipation, management and monitoring/evaluation

New practices that have been applied both inside and outside of companies since the late 1990s show that anticipation of skills and training needs, as well as responsible restructuring, can be a success when social and regional actors cooperate.

Beyond the compelling employment and social objectives, anticipation and well-managed restructuring are preconditions of economic success and better working conditions. Never losing sight of the strategic desirability of workplace evolution and placing the processes of change within long-term frameworks (as opposed to decisions based on a desire for short-term profits or on asset value objectives) can usefully contribute to the sustainability and competitiveness of businesses. This assertion is valid for entire economic sectors, regions and economies.

The good practices outlined below are therefore broken down according to the timing of the measures to be undertaken: anticipative actions and instruments, to be developed on a permanent basis and management of specific restructuring processes.

Subsequent evaluation and monitoring of restructuring processes by all the actors concerned is very important. They allow for identifying weaknesses and loops, thus enabling the subsequent improvement of future restructuring processes. Following-up employees after redundancy (long-term evaluation of redundant employees' careers, database for time-series studies on managed career paths, etc.) also contributes to assess the results achieved in terms of successful employment transitions.

Evaluation and monitoring covers the assessment of restructuring measures and publishing results, revising development strategies in the light of restructuring experience and impact, etc.).

A multi-level, multi-actors issue

The anticipation of human capital needs and management of restructuring concern a multitude of actors (companies, workers' representatives, social partners, public employment services, public administration and authorities, etc.) at different levels (European, national, regional, sectoral and organisational).

Coherence and synergies between the actions of all the different stakeholders, as well as properly coordinated planning and actions for anticipation and restructuring are crucial to ensure efficiency and sustainable solutions. To make it easier to understand, the QFR is organised as a set of fiches of good practices addressed to each of the main actors involved: companies, employees' representatives, employees themselves, social partners and

national/regional authorities²⁰. A more comprehensive collection of the good practices in this field may be found on the 2009 Checklist for Restructuring Processes²¹.

All the good practices outlined in the fiches constitute real experiences of companies, workers' representatives and other stakeholders and are seen by those who implement them as crucial to ensure quick, smooth, economically efficient and socially acceptable adaptation to change and restructuring, particularly in adverse circumstances. Regardless of their transferability to other contexts – to be appreciated on a case by case basis – the importance given to them by the actors practicing them justifies its inclusion in the QFR as a source of inspiration for all the others.

Those good practices were frequently driven, or inspired, by regulation and other public support mechanisms. Eurofound's ERM database on restructuring related legislation²² provides comparative information on national regulation. The ERM's database on support instruments for restructuring²³ provides information on about 400 measures in the Member States of the European Union and Norway. National governments, employers' organisations and trade unions are among the bodies providing support for companies that need to restructure and the affected employees.

The actions and instruments set out in this QFR might qualify for support from the EU Structural Funds (especially the ESF and the ERDF), as well as the EGF.

²⁰ As good anticipation and management of restructuring often involves several actors and levels, many actions are described in similar way in different fiches, illustrating the specific role assigned to each one of them.

²¹ <http://ec.europa.eu/social/main.jsp?catId=782&langId=en>. See also Annex 1.

²² <http://www.eurofound.europa.eu/emcc/erm/rll/>

²³ <http://www.eurofound.europa.eu/emcc/erm/supportinstruments/>. See also "Public instruments to support restructuring in Europe - ERM Report 2011", <http://www.eurofound.europa.eu/publications/htmlfiles/ef1165.htm>

EMPLOYERS

In order to retain their competitiveness and to reduce the costs of restructuring, companies anticipate human capital needs and manage change. SMEs may not be able to implement all of the following good practices.

ANTICIPATION OF CHANGE

Employers' strategic planning covers, with the continuous involvement of employees' representatives in accordance with the collective bargaining and information and consultation instruments, forward-planning for jobs and skills, including:

- o **Strategic long-term monitoring** of the company's economic and financial situation and of technological and market developments;
- o **Continuous mapping of jobs and skills needs;**
- o **Measures targeting individual employees:** flexibility measures (long-term working-time flexibility, job rotation, etc.); training measures (introduction of training advisers, design of individual 'competency reviews'; individual training plans, including by equipping employees with transversal skills, etc.); career development measures ('career days', 'career corners', job rotation measures, etc.); measures to promote internal and external mobility, etc.;
- o **External partnerships** with regions, education/training institutions and the business environment.

MANAGEMENT OF RESTRUCTURING PROCESSES

Good practices in the management of restructuring operations include:

- o **Building internal consensus** through a joint diagnosis based on a clear business rationale for change and with comprehensive information and consultation of employees at an early stage;
- o **Help organising personalised support to employees** whose redundancy cannot be avoided;
- o **Involving external actors** at an early stage (regional authorities, universities, training centres and supply chain).

EMPLOYEES' REPRESENTATIVES

Employees' representatives, including through EWCs, are vital partners of company management in anticipating and managing the development of jobs and skills needs and in conducting particular restructuring operations.

ANTICIPATION OF CHANGE

- o **Continuous mapping of companies' jobs and skills needs;**
- o **Measures targeted at individual employees, including the promotion of internal and external mobility.**

MANAGEMENT OF RESTRUCTURING PROCESSES

- o Establishment of a **joint diagnosis** with management;
- o Agreement on **company-specific procedures** for dealing with particular restructuring situations;
- o Follow-up and contribute, in particular through negotiations, to the **design and implementation of all mechanisms for providing support to individual employees;**
- o **Follow and assist employees who are being made redundant** to look for a new job and/or appropriate retraining opportunities;
- o Participate in **external partnerships, broader networks** and mechanisms to deliver support to individual workers and promote the inclusion of the whole supply chain in preparations for and management of restructuring operations.

INDIVIDUAL EMPLOYEES

From the *individual employee's* viewpoint, anticipation relies on his/her own capacity to choose and to be in a position to improve his/her employability and to make career transitions. With regard to employability, other actors (employers, employees' representatives, social partners, authorities) have a crucial role to play in supporting, motivating and endorsing individual employees.

ANTICIPATION OF CHANGE

Provided that the instruments and opportunities are available, employees:

- o Step up their **capacity to collect the information** needed to understand the situation;
- o **Review their skills** and update their career orientations;
- o Strengthen their **employability and mobility** and make professional transitions that are feasible;
- o Exercise their right to **education and training** and accept the corresponding obligations.

MANAGEMENT OF RESTRUCTURING PROCESSES

- o **Seek information** on company strategy, restructuring plans and labour-market developments; keep in contact with representatives and participate in information and consultation procedures;
- o **Explore possible action to avoid being made redundant**: develop an individual job-search action plan; be open to mobility within/between companies; ask for coaching, training for job applications, career counselling and specific training in line with job offers;
- o **Make use of individual support available to employees**; keep in contact with **redeployment units**; register at a labour exchange office; request employer's assistance in pre-redundancy period; ask for training when unemployed; make use of entrepreneurship support when available.

SOCIAL PARTNERS AND SECTORAL ORGANISATIONS

Social partners and sectoral organisations can play a major role in anticipating change, identifying jobs and skills needs and managing restructuring operations by shaping or supplementing action at company, national and regional level, through social dialogue and collective bargaining.

ANTICIPATION OF CHANGE

- o **Mapping of jobs and skills needs**: participate **in early-warning systems** at all levels;
- o **Drawing up frameworks for workers' involvement**: promote collective bargaining on anticipating change and restructuring at EU, national, sectoral, regional, local and company levels;
- o **Preparing measures targeted at individual workers**: support redeployment, set up or contribute to national, regional and company-level skills development programmes;
- o **Developing measures to promote internal and external mobility**: facilitate professional transitions within and outside the enterprise, promote innovative measures to improve mobility.

MANAGEMENT OF RESTRUCTURING PROCESSES

- o **Joint diagnosis**: share understanding of economic context with members, affiliates and all stakeholders, promote multi-stakeholder communication, networking and governance;
- o **Explore and negotiate all possible options for avoiding redundancies**: foster EU-wide coordination of trade unions to help EWCs; encourage EU-level negotiations in the event of transnational restructuring; conduct negotiations on professional transition policies;
- o **Support redundant workers individually**: support internal and external mobility cells, develop sectoral training funds for redeployment.

NATIONAL AND REGIONAL AUTHORITIES

National authorities shape the applicable legislation, define and implement employment policy goals, manage forecasting tools, have the institutional capacity to help employees. Regional authorities coordinate the work of the stakeholders in anticipating and managing restructuring operations and in promoting regional development and economic and social reconversion.

ANTICIPATION OF CHANGE

- o **Continuous mapping of jobs and skills needs:** support national jobs and skills plans, develop forecasting and foresight tools; measures to enhance the matching of skills delivered by the education and training systems and the labour market needs;
- o **Measures targeted at individual employees:** reinforce active labour-market policies, offer qualifications plans, support competency development focusing on generic and transversal skills, focus on up-skilling of low-skilled adults, offer career counselling services, assist with the validation of non-formal and informal learning; promote regional lifelong learning policies;
- o **Measures to promote internal and external mobility:** develop incentives to promote geographical and occupational mobility, devise legal and operational frameworks for professional transitions, establish skills certification and transferability systems, support qualification schemes; set up databases on employers' needs, match workers to job vacancies and skills needs;
- o **Measures to promote regional economic adaptation:** promote cooperation between regional actors, support employment and skills planning and risk mutualisation, create or reinforce regional observatories to monitor economic change, jobs and skills, put advance-warning systems in place, establish regular work relations with companies, including social enterprises and development agencies; develop territorial employment pacts, public-private partnerships and institutional structures for competencies and skills;
- o While complying with applicable State aid rules, make full **use of EU Structural Funds** on the basis of the 'smart specialisation' principles in the area of research and innovation, focusing on investments that will facilitate and accompany structural change and fostering social innovation to develop socially inclusive transitions and job creation.

MANAGEMENT OF RESTRUCTURING PROCESSES

- o **Joint diagnosis:** collect data on dismissals at national, regional and sectoral levels, monitor the impact of restructuring on specific sectors and regions; establish early-warning systems, convene actors to carry out a joint diagnosis;
- o **Explore all possible options before implementing redundancies:** promote the revitalisation of regions affected by restructuring, monitor social plans; reinforce public employment services, establish outplacement programmes, promote direct job creation, create mechanisms for mutualisation of risks, support employee takeovers of enterprises in crisis or without heirs; establish mobile reconversion units, promote the region among new investors, support the search for new users of abandoned facilities;
- o **Support redundant employees individually, including through Public Employment Services (PES):** training measures (portals for occupational guidance and training, public reconversion cells, training courses); mobility measures (outplacement platforms for SMEs and social enterprises, support to employees' cooperatives, geographical mobility plans, support job pools by employers' groups, deliver severance grants and allowances); unemployment benefits to vulnerable workers;
- o **Facilitate partnerships** between the relevant actors, involve Public Employment Services (PES) in the implementation of local platforms for workers made redundant, coordinate the use of the Structural Funds and the EGF in line with State aid rules, use regional task forces as a means of mobilising all actors and resources, organise job transitions; establish rapid-response services, create support systems for SMEs and multi-stakeholder platforms (professional transition

contracts), promote start-ups and new companies through effective policies to boost regional growth and job creation and entrepreneurship.

THE EUROPEAN COMMISSION

The Commission will:

- o carry out **monitoring** of the way in which the QFR is applied throughout the EU;
- o **send the monitoring reports to the European Parliament and to the social partners** and disseminate them widely;
- o **consider to revise the QFR by 2016 if need be.** This revision will establish whether further action is necessary, including a legislative proposal;
- o support **programming work of the European Structural and Investment Funds** (European Social Fund, European regional development Fund, Cohesion Fund, European Agricultural Fund for Rural development, European Maritime and Fisheries Fund), the Funds which operate under a **Common Strategic Framework**, as well as of the **European Globalisation Adjustment Fund**, including through peer learning, networking activities and technical assistance;
- o consider the **possible consolidation of the three employee involvement Directives**, for which a first-stage consultation of the social partners could take **place during the first half of 2014.**

Table 1: Summary of actors and good practices

	ANTICIPATION OF CHANGE	MANAGEMENT OF RESTRUCTURING PROCESSES
COMPANIES, EMPLOYEES' REPRESENTATIVES SOCIAL PARTNERS AND SECTORAL ORGANISATIONS	<p>Strategic monitoring of economic, business and market environment Mapping of jobs and skills needs Multiannual plan for jobs and skills Flexibility, training and career development measures targeted at individual workers Promote internal and external mobility Information, consultation and collective bargaining on above issues</p>	<p>Foster internal consensus through joint diagnosis Explore all possible options before contemplating redundancies Organise individual and personalised support for redundant employees Information, consultation and collective bargaining on above issues Involve external actors</p>
INDIVIDUAL EMPLOYEES	<p>Step up their capacity to collect the information needed to understand the situation; Review their skills and update their career orientations; Strengthen their employability and mobility and make professional transitions that are feasible; Exercise their right to education and training and accept the corresponding obligations</p>	<p>Seek information on company strategy Explore possible action to avoid being made redundant Use individual and personalised support</p>
NATIONAL AND REGIONAL AUTHORITIES	<p>Develop forecasting and foresight tools covering jobs and skills and exchange of labour-market information Reinforce ALMP, promote qualification plans and counselling services, give financial support Promote cooperation between actors and risk mutualisation Develop frameworks favouring professional transitions Strategic monitoring of economic, business and market environment Mapping of jobs and skills needs Multiannual jobs and skills plan Flexibility, training and career development measures targeted at individual workers Promote internal and external mobility Territorial employment pacts and public-private partnerships</p>	<p>Collect data on dismissals, monitor the impact of restructuring, support early-warning systems Reinforce public employment services, establish outplacement programmes, promote job creation Support local mobility platforms, mobility through allowances, and financially vulnerable groups Promote partnerships and coordinate the use of Structural Funds Early-warning systems, convene meetings of actors for joint diagnosis Mobile reconversion units, promote attractiveness and job creation Support training and mobility measures</p>