

ILO Programme on Socially Sensitive Enterprise Restructuring (ILO/SSER)

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Economic and social dimensions of restructuring – what are we calling for?

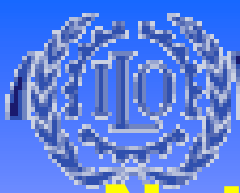
To RESTRUCTURE in a sensitive way, taking into account as much as possible all stakeholders' concerns, in particular those by the **workers** and the **management**, without forgetting the final aim of restructuring, which is =

Improved enterprise competitiveness
and even enterprise survival.



Our message is based on the ILS concerning restructuring – not compliance, but rather a signal from the social actors on what is right and what is wrong

- ✓ Termination of Employment convention and recommendation, 1982 (No. 158 and No. 166)
- ✓ ILS on Non-Discrimination, etc.



Note: Restructuring is not always downsizing (3 “levels” of restructuring)

- Without cutting labour costs (portfolio restructuring, capital mobility, etc.)
- Cutting labour costs, but no layoffs (management accepting pay cuts, etc.)
- Downsizing, but in a **socially sensitive way (i.e. using a number of suggested tools aimed at helping displaced workers and “survivors”)**



If downsizing is necessary, it could be carried out in a socially sensitive way, including re-employment options

Suggested tools

1. Voluntary redundancies
2. Internal job search help
3. External job search help
4. SME creation help
5. Mobility
6. Early retirement
7. Vocational training
8. Part time job and other AWS
9. Sub-contracted workers
10. Flexible leave
11. Psychological help
12. Severance packages



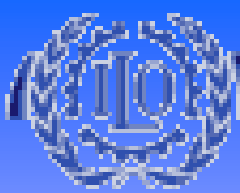
Research findings: downsizing often leads to

- Lower profits, productivity and quality
- Higher absenteeism and turnover
- Industrial disputes and even social unrest



Examples of the SSER activities:

- Training
- Action research
- Promotion and Policy Guidelines



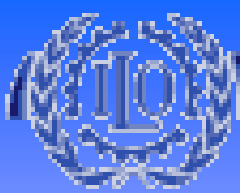
Some of our major findings

- SSER costs are known, benefits are not
- Anticipation- still rare, most companies:
 - simply comply with the law (social plan, etc.)
 - think short-term (follow state of economy/sector/market)
- Social dialogue –a reality (but almost only in Western Europe)
- All “good” cases: Early retirement – 99,9%, severance packages and voluntary redundancies – 90%, other tools (psycho help, training, AWS, SME development, job search help, etc.) – only from time to time...
- Not much attention paid to « survivors »
- In many cases downsizing is not the best option not only from social, but also from economic point of view (see above)



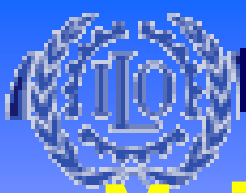
However: companies do not operate in vacuum – re-employment policies!

- Success of any restructuring effort depends on the support from the government, local authorities, social partners
- Re-employment policies – roles of governments, employers and workers



The main « intervention » areas:

- Policies aimed at anticipation of restructuring (including policies related to long-term workforce planning and training; giving “priorities” to certain industries, etc.)
- Social dialogue
- Legislation and regulations
- Crisis response policies



Main message of the ILO/SSER programme:

We are all in the same boat: we will swim together or sink separately