



Young professional and managerial staff facing **changes** in the work place

FINAL REPORT



StartPro

 **EUROCADRES**



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Foreword

Speech of Carlo Parietti, president of *EUROCADRES*, at the closing of the *EUROCADRES* Conference “Young Professionals and Managers in the brave new world of change” - Brussels, 24/11/2011

During our General Assembly we discussed how the year 2011 has witnessed some of the worst moments of the economic crisis and of our life so far.

Actually, the new, young generation of professionals and managers who, while representing the most skilled segment of the labour force, are entering the labour market to work under the most precarious conditions.

Even in countries where social cohesion is strong and general unemployment rates are low, unemployment levels of young people tend to be much higher than the average. This is a unfortunate, not only for those young people out of work, but also for the economic prospects of the countries in question as exiting the crisis and future growth will be dependent on developing the knowledge economy.

In this discussion, EUROCADRES shall not be demagogic falling itself into the generic “precariousness” discourse; for example, project-based employment - often related to precariousness - cannot be attributed only to employers’ strategies, but rather also to innovations in work organization and to new needs related to the knowledge economy. What we need to do is go beyond traditional conceptions of precariousness, for instance, by implementing the idea of a minimum basic income.

Our network StartPro has a double aim in this respect: being in contact with young professional and managerial staff (YP&MS) from the beginning of their careers and keeping close contacts with trade unions in order to find ways to help this particular group.

Why is it so difficult for trade unions to help YP&MS?

The answer hinges on the fact that many of the characteristics of labour in the new knowledge economy are at odds with our traditional culture as trade unionists. Only what is collective and standard for everyone is of interest for traditional trade unions. We have, thus, to reconcile the “individual” with the “collective”.

Moreover, we often lack employers’ views, since they do not traditionally take interest in trade union discussions. A good contact with HRM experts may fill this gap and be particularly instructive.

The president of EAPM raised the issue of leadership. However, in the new world of work organization, leadership is an individual skill, referring to qualities such as initiative and creativity.

Meanwhile, the student union group within the Finnish trade union AKAVA presented their union’s initiatives to organize students, as part of their connection with StartPro.

This brings us to the conclusion that we need to broaden the presence and space that the StartPro network has within EUROCADRES and make it more effective and visible. Together with the other networks, they should become more active.

Referring to the economic crisis, the French President Nicolas Sarkozy recently proclaimed: « *Il faut en sortir ensemble* ». This phrase reminds me of priest, Don Milani, a central figure in the Italian 1960s movements who said: « *En sortir ensemble, ça c’est la politique* ».

We are not only here to exit the current crisis together, but also to stand as one in overcoming the steeper challenge of entering the labour market.

Exiting the current crisis will undoubtedly require unity and resolve. The same forces will need to be harnessed by the trade union movement in helping its youngest and most vulnerable members become active and empowered participants in Europe’s fast changing labour market.



Preface

This report is the final document of the European project “**Young Professional and Managerial Staff Facing Changes In the Workplace**” (2010-2011).

The motive behind the project is the realization that change and company restructuring has become a constant for the global and European economies. The Commission itself started in 2005 to strengthen and improve its initiatives in this field but also urged the Social Partners to contribute to the improvement of expertise in restructuring. However, while there are many case studies about and policy guidelines for restructuring, all these initiatives lack the analysis of the situation of young professional and managerial staff (YP&MS)¹ in situations of change and restructuring.

EUROCADRES took together with its network *StarPro* (network of graduates and young P&MS) the opportunity with the financial support of the EU to improve the knowledge and raise the awareness on the situation of young professionals and managers about their working conditions and rights especially in days of economic changes. A first step to gather information on the issue was a direct exchange with young professionals and managers from companies which underwent restructuring and to discuss with them their experiences and their new situation. This exchange took place in three workshops where we met young professionals and managers from three different sectors: BNP Paribas Fortis (finance sector), one municipality in Sweden (public sector) and two research companies from Austria and Germany (research sector). The outcomes and the analysis were presented in the final conference dedicated to the project on 23 and 24 November 2011 with the title: “**Young Professionals and Managers in the Brave New World of Change**”.

EUROCADRES and its members created in 2005 the network **StartPro**². StartPro members are trade union officers dealing with issues concerning graduates and young professionals and managers as well as young trade union members who are graduates and/or young professionals and managers themselves. The aim of this network is

¹ From now on the abbreviation YP&MS will be used

² <http://www.eurocadres.org/spip.php?rubrique66>

to give youth a stronger voice in the social dialogue and to engage the social partners on European and national level to improve the transition period between education and the first job as well as the working conditions of young professionals and managers.

EUROCADRES, the Council of European Professional and Managerial Staff (P&MS) is, since 1993, a recognized European Social Partner representing today more than six million Professionals and Managers in the EU. As such, *EUROCADRES* is deeply committed to Social Dialogue as an important tool for the improvement of the functioning of the European labour market. This is why, throughout the various projects it has undertaken, *EUROCADRES* has been trying to involve actively member organizations, employers' representatives but also other stakeholders in order to develop a social dialogue approach towards issues affecting directly P&MS at the workplace.



Introduction

The economic, social and cultural transformations which Europe and the rest of the world are experiencing in recent decades are testament to the fact that we live in a time of deep-rooted change. Adequate and efficient management of adaptation to this change has, for some time, been an essential challenge for the EU, which is to say for its undertakings, workers, organisation, institutions and individuals.

To incorporate the change into business culture is a constant requirement in order to achieve greater competitiveness within a global market which functions between interconnected economies. But it is also vital to manage the necessary changes to be more efficient and make the most of the opportunities that are generated at local level. This also concerns the small businesses which operate in domestic markets, as well as those agencies and organisations which do not operate under the form of businesses, including public entities.

Restructuring represents an expression of this permanent change involving sectors, companies and organisations. Although its image tends to be associated with cost cutting, staff cuts and mass dismissals, it is not always like that, and restructuring should be conceived of in a wider sense, ranging from labour reorganisation or a shift in a company's staff roles, to the integration of cultures as the result of a corporate transnational merger.

The processes of business restructuring have been, and continue to be, studied in depth in the EU, as well as having been converted into a day-to-day reality as a result of the current financial and economic crisis. The analyses have focussed on causes and consequences, the measures implement to mitigate the negative effects on the workforce, as well as their impact on collective labour relations and social dialogue, among numerous other aspects. However, to date the implication of the processes of change and restructuring among young professionals and managerial staff, as a group of qualified workers with their own characteristics had not been tackled.

It was with this in mind that *EUROCADRES* undertook the European project titled: “**Young professionals and managers facing changes in the workplace**”, with the financial support of the European Commission. The objectives of this project are the following:

- To better understand the situation of young professionals and managerial staff and how the crisis has affected them through restructuring processes in different environments and economic activities.
- To identify the different ways and approaches used by national trade unions to tackle the issue of young P&MS in restructuring processes;
- To learn from the results and propose elements for discussion and clues to continue researching the European institutions
- To suggest strategies and activities to be developed at different levels of trade union organisations with regard to YP&MS during economic change and restructuring processes.

In order to carry out this project, the working method employed involved the holding of transnational discussion workshops on three chosen case studies. To these ends, reference case studies were chosen, as provided by members of the StartPro network, and background papers were drafted to initiate discussions, attended by experts and participants from a range of member States. This is, therefore, a working method with a qualitative approach, as the project was intended to be from its genesis.

The first observation to be made is that the project was formulated during the first six months of 2010, when the first “green shoots” in evidence gave cause to believe that during the course of the project, and by its completion, at the end of 2011, we might find ourselves in a sudden extension of the crisis, a new dip in growth expectations, three Member States with their public finances intervened with Rescue Plans and a difficult crisis regarding sovereign debt. As is quite clear, that initial optimistic forecast, as with so many others in recent times has, unfortunately, proved to be wide of the mark, and the impact of the recession has impacted powerfully on the work carried out and the discussions held in the various seminars that have been held.

The second aspect to bear in mind is that the selected case studies vary greatly. The examples chosen take place on differing levels – in a company group, a sector, a specific field of activity – and as a result the focus adopted to analyse each one was different. Due to this wide diversity, it was not the intention to make comparisons between the results of the cases. The aim focussed more on attempting to identify common elements which characterised or illustrated trends with regard the situation of young professionals and managerial staff.

The case studies chosen refer to:

1. The integration of young professionals and managerial staff from FORTIS into BNP Paribas, within the framework of the corporate restructuring which took place as a result of the acquisition of the former by the latter.
2. The effects of current restructuring trends as applied to young managerial staff in the public sector. This case study is built around a specific experience of staff reorganisation in the Swedish municipality of Örebro, complemented by the existing situation in other countries, principally the United Kingdom.

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3. The impact of the changes taking place in the social research activities across the EU and their impact on young graduates and researchers. This case study took as its point of reference the closure of IAT (Institut Arbeit und Technik – Institute of Work and Technology) in Germany, a social research institute which used to be an agency of the regional government of Northrhine-Westfalia, and its refounding as a university institute. This restructuring experience became complete with the current situation of FORBA (Forschungsund Beratungsstelle Arbeitswelt – Working Life Research Center) in Austria, as well as with the knowledge of the situation in other countries such as Spain, Italy and Sweden.

This report brings together the core elements of the cases analysed, as well as the majority of the discussions that took place during the workshops that were held as part of the project, as well as the debates held during the Final Conference held in November 2011.

It draws, in large part, on the findings and evaluations contained in the reports drafted by experts external to the project, who have contributed to the workshop process.



2. Young professional and managerial staff in times of change

2.1 Political Initiatives on young workers in the EU

Most of the political initiatives promoted by the European Union as regards young people have focused mainly on fighting unemployment and/or social exclusion. This subject has been part of the European agenda since the European Employment Strategy in 1998, continuing in the Lisbon Strategy and currently in the Europe 2020 Strategy. Therefore, European policy has mostly tackled the problem of accessing the labour market and the obstacles found by young people to this regard, especially with regard to the lack of suitable education (the compulsory system of education) or the lack of professional qualification for the jobs offered by undertakings.

Both the European Youth Pact³ adopted by the Council in 2005 and the different Communications issued by the Commission⁴ during the second stage of the Lisbon Strategy aimed to increase the employment rate of young people or to prevent early school leaving. The guidelines for employment policies have also reflected this concern, stressing the need to equip young people with suitable skills to access the labour market. This approach has been based on the life cycle approach to employment, completed with the approach to occupational transitions as part of employment policy, starting with the transition from education to active working life and the flexicurity approach.

3 Resolution of the Council of 24 November 2005 on addressing the concerns of young people in Europe - implementing the European Pact for Youth and promoting active citizenship[Official Journal C 292/5 of 24.11.2005]

4 Commission Communication of 30 May 2005 on European policies concerning youth: Addressing the concerns of young people in Europe - implementing the European Youth Pact and promoting active citizenship COM(2005) 206 final

This set of approaches, strategies and initiatives mentioned summarily do not form a specific policy that is directly applicable to young professionals and managerial staff (YP&MS). Neither have specific initiatives been identified for this group of workers in the current context of change at all levels of the economy and business, nor as part of the recent developments carried out by the European Commission with regard to tackling the social responsibility of restructuring processes.

The integration of professionally qualified young workers in the labour market or the specific problems they face in their professional career, that is their employment conditions, doesn't seem to be a priority of European policies. In other words, neither the topic of this project nor the group of YP&MS as a whole can be found amongst political actions in the EU. Any concern focuses, with certain logic, towards young low-skilled persons as a target group for labour integration strategies, using the NEET concept to this regard (Young person Not in Employment, Education or Training).

This situation can be observed in the Europe 2020 strategy, which inherits from its predecessor the objective of increasing the employment rate for all age groups. *Guideline 8 "Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning"* is an effort to increase the skill level of European citizens, especially young persons⁵. To this end, as well as maintaining the early drop-out rate benchmark, Guideline 9 has added another one with the aim to achieve that at least 40% of the 30-34 years age group have completed third-level education or equivalent. With the flagship initiative "Youth on the Move", the Commission has set the path to achieve the objectives pointed out by EU-2020, issuing recommendations to the Member States and putting forward legislative initiatives and other measures.

The severity of the current crisis has placed the Member States' political actions to fight unemployment amongst young people at the centre of the debate. This rate at October 2011 is 22% in EU-27, compared to 12% worldwide according to the ILO, and with great imbalances between the different countries. The countries that stand out to this regard are: Spain with 49.5%; Greece, 46.6%; Slovakia, 35.1%; Portugal, 30.7%; Italy, 30% and Ireland, 29.3%. The Commission has launched new initiatives⁶ to tackle the more than 5 and a half million unemployed young people under the age of 25 in the EU which is more than one million more than in 2009 and which more than doubles the rate for active population as a whole (9.8%).

5 Council recommendation of 27.4.2010 on broad guidelines for the economic policies of the Member States and of the Union.

6 The new 'Youth Opportunities Initiative', adopted by the Commission on December 2011, calls on Member States to work on preventing early school leaving; helping youngsters develop skills relevant to the labour market; ensuring work experience and on-the-job training and helping young people find a first good job. Amongst other measures, this initiative proposes using €4m to help Member States set up 'youth guarantee' schemes to ensure young people are either in employment, education or training within four months of leaving school; dedicating € 1.3 million to support the setting up of apprenticeships through the European Social Fund and to support Member States in the setting up of support schemes for young business starters and social entrepreneurs.

Certainly, Young Professional and Managerial Staff are in a better position than young low-skilled persons to access the labour market, as the unemployment figures show. However, according to the figures of the European Foundation for the Improvement of Living and Working Conditions⁷, the impact of the crisis is leading to increasing numbers of young people with third-level education to enter the aforementioned NEET category in places like Estonia, Greece and Italy, for instance, where this percentage is estimated to be 20% approximately.

2.2 YP&MS in labour market in times of change

As we've already seen, YP&MS share some of the obstacles that young Europeans currently face to access the labour market, especially in the current climate. The mismatch between the education received and the requirements of the jobs demanded by undertakings is a common element to all young European workers in their first attempts to access (and remain in) the labour market. This is most probably the result of a lack of sufficient and suitable guidance from both the education system and the undertakings' economic system.

The second common aspect is undoubtedly the situation regarding hiring and employment conditions. All figures indicate that young Europeans in general, including YP&MS, increasingly access the labour market under atypical forms of contracting and in conditions that are almost discriminating due to age, especially as regards wages. Fixed-term contracts, part-time contracts, temporary agency work or weekend or by-the-hour jobs represent a typical form of *integration* into the labour market, under the premise that it's a way to start a professional career –or rather, that a bad quality job is better than no job at all-. However, it remains to be seen whether these professional starts are really helping to develop careers in the 21st Century, in a global and interdependent world, where the knowledge economy and technology are paramount to professional growth.

The figures from the Fifth European Working Conditions Survey point out that young workers carry out jobs that require less professional or managerial responsibility than adult or senior workers, or in other words, than the jobs requiring higher education and skills. Although this distance between ages is shorter for technical or qualified operator categories, the differences between managers or professionals is much larger.

7 Foundation Findings: Youth and work. European Foundation for the Improvement of Living and Working Conditions, 2011

2.3 Restructuring and YP&MS

We have seen during the performance of the project how YP&MS must overcome, first of all, obstacles to enter a competitive labour market in the EU, characterised by heterogeneity and fragmentation, despite the efforts made to establish a domestic market in the EU. Secondly, the difficulties to develop a professional career with contract and employment conditions that don't usually favour their progress. In the case of young researchers, the lack of prospects in their professional future and insecurity are, in practice, structural characteristics of a sector where project-based contracts are widely implemented: that is, fixed-term contracts for the duration of the funds allocated to a research project. Restructuring could be considered to be permanent in this sector, operating on the basis of non-renewal of fixed-term contracts.

The problems identified for YP&MS in the public sector, which is also undergoing a severe organisational restructuring and downsizing process in some countries –even before the crisis began–, refer to this sector not being an attractive option as a professional career⁸.

Besides contract conditions, the wage conditions for the jobs of young professionals and graduates are subject to the pressure of competition and to wage scales that often take into account learning on-the-job. In some sectors and in certain countries, practices are reported with regard to wages that could constitute age discrimination, by means of abusive wage tables for groups and professional categories which are the door of entry to the undertaking.

At times of restructuring, young professionals and graduates in some countries face unwritten rules, or even rules included in collective agreement, establishing they are the first target in the case of collective redundancies. The *last in, first out* rule is a reality that should be taken into account with regard to how downsizing is handled.

To this we must add that during restructuring processes and collective redundancies, fixed-term and temporary contracts are usually the first not to be renewed. This also affects the last people hired by the undertaking directly, generally young people, also young professionals. Moreover, it should also be noted that in many instances employees are kept in a 'junior' status on fixed-term contracts without necessarily still being young in the calendar sense.

⁸ In the project carried out, the scope focused on waged YP&MS and didn't approach the role of this qualified group in creating undertakings or, in other words, why young professionals and graduates have less of an entrepreneurial spirit, according to surveys, than other countries such as United States, for instance. Without going into this interesting aspect, two revealing figures: according to *The Wall Street Journal*, risk capital per capita in the EU is 7 dollars, whilst it amounts to 72 dollars in United States or 144 dollars in Israel. Also, there are 75,000 Business Angels in the EU compared to 265,000 in the USA, and the investments made are also lower.

2.4 Key topics that have arisen in debate

Other relevant aspects regarding the future of YP&MS in times of change and permanent restructuring have also been discussed in the workshops. First of all, the lack of solid policies and of suitable structures to favour the development and growth of YP&MS in the undertaking. Initiatives of a horizontal or transversal nature (per professional categories –for instance, managers or middle managers-) to favour cultural and business practice exchange and integration have been found and discussed, as in the case of the integration of Fortis in BNP Paribas (see below). However, no such initiatives specifically aimed at this group of workers, or age segments, have been found⁹, with some exceptions as in the case of some UK government organisations which operate fast-track trainee schemes in which the new hires acquire first-hand experience in a variety of departments before actually put to one particular job¹⁰. In Sweden, there are mentoring programmes for young university graduates who are encouraged to start a management career by being mentored by an experienced manager, not from the company where they work.

Nevertheless, neither HR departments nor trade unions and works councils seem to have developed and operationalized effective strategies and tools to cope with the post-restructuring needs and talents of high skilled young entrants and employees. The lack of focus on YP&MS was illustrated during the final StartPro conference on November 2011 in which a series of examples were presented. One targeted the position and perspectives of trainees. Restructuring can hurt this group of workers twofold: young trainees can be blocked in graduating due to the restructuring and the loss of a trainee place; and they often lose the perspective of a job following up the traineeship, which was one of the motives to opt for a traineeship at this firm or institution. For both aspects trade unions do not seem to have substantial attention and services.

Employability is a concept that *fits* young professionals and graduates. The part of employability which is directly related to workers handling their professional career may justify acceptance of different treatment in employment and wage conditions compared to other senior workers. A setting has been discussed in the workshops in which young professionals would accept tougher employment conditions *at the start* in exchange for a work environment that would favour other compensating inputs: for instance, the possibility of receiving knowledge from other members in the undertaking or receiving training and qualifications.

On the other hand, the European Framework for Qualifications is not yet implemented in such a way that it would be of any help for entering the labour market of another country. For example, Germany has just now legislated a procedure for the recognition of vocational qualifications obtained abroad where clearly the German system is the frame of reference, not the European Framework.

9 Certainly, determining the age may be a limiting factor to measure responsibility (What is the age of a young manager? more than 30?).

10 However, it seems that this fast scheme is hardly used now.

It should also be recognized that language barriers are real and cannot be legislated away. They are particularly relevant in small countries representing small language communities. It should be borne in mind that professional and managerial work mostly implies working with local people, and it is only in some multinational companies that one can perhaps rely exclusively on English to do this.

The kind of cross-border mobility young professionals aspire to is not normally adequately considered as 'migration', particularly at times of crisis like these when the unemployment rate in some countries is so high amongst young people, even amongst young professionals; they want to acquire experience abroad and then return to their home country. However, this outside experience, as much as it is hailed in programmatic rhetoric, is not always rewarded in practice. There is justified fear that returning into an adequate position may be difficult and that one's peers who do not take this extra experience will actually get ahead in terms of their careers. For those leaving a position in their homeland in favour of some experience abroad there should be rules and guarantees for their return. Here again, so-called 'flexible' employment like on fixed-term contracts may turn out to provide actually less flexibility since it will be even more difficult – if not practically impossible – to extend such guarantees to them.

This leads to the regulation of fixed-term contracts. In most countries, existing regulations are designed in such a way as to curb the growth of this category of employment and to defend the standard employment relationship. They stipulate under which conditions fixed-term contracts are permissible, and they rule these contracts to become automatically open-ended if permissible conditions are violated. In practice, however, we see that this type of regulation has not halted the expansion of atypical employment; rather it has tended to further marginalise those employed on these contracts. If fixed-term contracts are not allowed for persons having been employed on them for a certain maximum period of time, this does not normally result in them being taken over permanently but rather in hiring a new worker for a fixed term, thus even further excluding the person affected in the first instance.

Therefore, future regulations for fixed-term contracts should not be conceived from the perspective of the permanently employed but rather from the perspective of those affected, offering them both perspectives for continuation even on fixed-term contracts and bridging mechanisms into permanent employment.

2.5 Trade union strategies with regards to YP&MS during economic change

Finally, one of the objectives of the project was to suggest improvement strategies for trade unions with regard to this group of workers in a context of continuous change and at a time of economic and financial crisis.

The results of the project point towards a generalised lack of attention from European trade unions to the group of YP&MS. Except for some specific experiences, as in the case of MHP in the Netherlands, or Akava, the Confederation of Unions for Professional and Managerial Staff in Finland¹¹, few initiatives have been identified to affiliate, attract or simply approach and defend the rights of this group of workers.

The fact that this specific group of YP&MS hasn't been the object of specific attention is odd when many European trade unions are debating how to increase their membership by adding new groups of workers that appear with new forms of labour such as temporary agency workers, freelancers, or self-employed workers.

For different, non-excluding reasons, the following can be considered for this lack of direct relationship between trade unions and young professionals:

- On the one hand, the tendency of certain trade unions to consider less qualified workers as more likely to become members than those whose professional career may lead them to become managers and, therefore, to be counterparts in the future.
- The difficulty to connect with the interests of this group of more qualified workers who, moreover, probably seek ways to communicate with the organisations they belong to that are less traditional than those that trade unions commonly use (assemblies, meetings, little use of new media formats and social networks, etc.)
- In some countries, the nature of trade union action focuses on collective bargaining, as seems logical. The signing of collective agreements benefits their members in particular, although they can also be extended generally to all workers (at the establishment, undertaking, sector, etc.). This generalised scope doesn't favour a different treatment towards YP&MS as new members.

However, it is the lack of differentiated services and support aimed at their needs and expectations that leads YP&MS to perceive the role that trade unions can play for them as something distant.

Trade unions must therefore start a reflection process on how to *reach* and attract this group of workers. General action, like collective bargaining can be, may not be enough. Personalised campaigns aimed at this group may improve the level of communication and empathy as long as services are designed to be useful to this group, segmenting their target. For instance:

- Young graduates in search of their first job or with some access to the labour market
- Young professionals that are already established in the labour market, with experience in the undertaking and a professional career ahead of them.
- Young managers with initial responsibility

¹¹ Akava is one of the three independent trade union confederations having more than 100.000 student members. Akava's Student Council AOVA is the leading Finnish expert in matters regarding University students labour market issues.

Not all of these sub-groups have the same expectations and it is the trade unions' job to be able to offer them services and a union *environment* that are suited to their expectations.

Besides the service offered, the strategy to get closer to this group of workers is important. Classic awareness campaigns may not work in this case. The European Foundation for the Improvement of Living and Working Conditions points out the case of Ireland, where several trade unions, together with the Irish Congress of Trade Unions devised the 'Outreach plan' in 2007. The plan includes a number of web- and phone-based services at a flat rate, which are thought to be particularly appealing to young and computer-literate workers. It thus aims to extend membership to non-traditional groups of workers.

With a similar objective, trade unions in the Netherlands have launched solely internet-based union services. For instance, the general independent trade union for professionals and managers, De Unie started in 2006 an initiative to offer membership at a greatly discounted fee (€10 a year) for selected internet-based services. This reduced membership fee does not include, for instance, free legal advice in case of individual disputes and membership to strike funds. The target of such initiatives is particularly younger workers who may not seek union membership for other types of services¹².

A suitable union environment is paramount: not only can YP&MS represent new seeds and a rejuvenation of the union's structure, but they may also be the future organic leaders thereof. For this reason, trade unions must establish systems to transfer organisational knowledge and experience to these –and all other- new affiliates.

The cases analysed during this project are detailed below. The presentation structure is common to all the cases, starting with a brief general note of the situation that is being studied at European level (restructuring in the banking sector in the EU or the context of reforms in the public sector); this is followed by an explanation of the case and the details thereof; and, finally, comments on the case and on the debates carried out as part of each of the workshops carried out.

¹² Both experiences drawn up from "Trade union strategies to recruit new groups of workers". Roberto Pedersini. European Foundation for the Improvement of Living and Working Conditions. 2010.



3. The case of the Fortis-BNP Paribas Merger

The first seminar saw the discussion (in a practically monographic form) of the case study of the merger of FORTIS into BNP Paribas. This case throws up a series of singularities. The road leading to the operation was extremely complex, fraught as it was with transnational movements of large-scale business groups in the banking sector, as well as coinciding with the start of the financial crisis. It is as such that it reflects the peculiarities of the restructuring dynamic which has emerged in this sector, before the recession hit, and which has proved to be deeply affected by the intervention of the States and the injection of money from public budgets.

From the point of view of how this has affected young professionals and managerial staff, it can be viewed as a unique case study, in which there have been no casualties in terms of job losses.¹³

3.1 Context: restructuring processes in the financial sector

In general EU regulations led to a constant process of growth and restructuring in many countries up until the 2008 international crisis. However, it is not easy to get solid data on the effects and numbers of restructuring in the financial sector. Data on the position of young higher skilled employees in finance jobs - the target group of this project - is only incidentally available.

The main statistical sources are Eurostat for a European perspective, OECD for global orientations and comparisons, and the ERM (European Restructuring Monitor) from Eurofound. Eurostat collates national employment rates, but overviews of employment in the financial sector are incidentally produced. Moreover Eurostat provides a broader definition of the banking sector than in the data from the European Central Bank and OECD. From 2008 it changed its definitions, to financial service activities, except insurance and pension funding.

¹³ This chapter is based on the report drafted by Wim Sprenger within the framework of this project.

The ERM database is more detailed for sectors and companies, but only registers unemployment announcements in the press - only the bigger restructurings in a given sector are registered; and collective bargaining and social plans restricting the number of dismissals are not taken into consideration.

Table 3.1 comes from Eurostat data and shows the evolution of employment in a number of member states in the banking sector from 2000 to 2010. In the EU as a whole employment in the sector increased by more than 12% between 2000 and 2007, but the picture varies from country to country. Employment rose in the new member states except for Romania; also in Sweden, Greece, France, Spain, the UK and Luxembourg. It fell by almost 10% in Austria, Germany and the Netherlands, and more moderately in Romania, Denmark and Belgium. From 2008 EU employment went down considerably due to the economic crisis, but not in all countries.

Over the whole period 2000-2010 considerable employment growth can be observed in Luxemburg, Sweden, Romania, Poland and France. Employment cuts were most heavily in the Netherlands, Belgium and UK - the latter still growing three years earlier. For Italy only 2% employment decrease is reported by Eurostat, while the ERM database reports heavy losses (see Table 3. 2).

Table 3.1: Employment in the banking sector in a selection of EU27 (thousands, 15 years or older)

	2000	2005	2007	2010	% Increase 2000-2010
EU 27	3674.6	3912.2	4126.8	3899.2	6
Austria	94.5	94.0	85.7	92.9	-2
Belgium	110.3	109.2	106.9	91.2	-21
Denmark	67.9	64.2	64.6	67.5	-1
France	435.2	479.2	496.0	548.3	26
Germany	844.8	778.4	774.9	761.0	-10
Greece	68.8	74.9	79.4	81.6	19
Hungary	47.5	50.4	58.5	54.5	15
Italy	456.6	427.8	455.0	447.1	-2
Luxembourg	14.7	16.9	16.5	21.3	45
Netherlands	156.7	148.6	145.3	119.4	-49
Poland	-?	200.8	271.1	259.0	29*
Romania	73.6	59.5	69.4	97.6	33
Spain	279.8	282.4	318.3	282.9	-1
Sweden	46.8	50.2	54.8	54.5	25
United Kingdom	680.3	759.5	772.0	561.8	-17

Source: Eurofound 2011, based on Eurostat (Labour Force Survey)

* Period 2005-2010

The ERM database collects data on restructuring since 2002, based on media announcements of either job reduction or job creations. In most cases these announcements are made before negotiations with the unions and works councils. ERM distinguishes between different forms of restructuring:

1. Mergers or acquisitions (at least two players involved).
2. Internal restructurings (within one company, no other players involved)
3. Bankruptcies or closures
4. Delocations, offshoring and outsourcing (moving jobs to other places and continents)
5. Business expansion
6. Relocation of activities

It may be questioned how accurate and useful these differentiations are. In the history of one company they often appear in combinations or follow each other.¹⁴ Between 2001 and 2011 ERM reported 743 restructurings in the financial sector, with all in all 463.791 announced job losses. The majority of the cases had been categorized as internal restructurings (54%), one out of four was a case of business expansion (25%), no more than one in ten a merger or acquisition (9%). The categories 3, 4 and 6 were exceptions.

Most of the reported cases in the ERM database were 'post-crisis'. Before 2008 only 23 restructuring cases were documented, from 2008 to 2011 no less than 720. Job reductions were four times higher (428.713) than job creations (105.935). Table 2 shows job losses per case were high in Italy, Germany, The Netherlands and UK.

Table 3.2 : Cases of restructuring in the financial sector 2008-2011 (in bold the highest average job losses)

Country	Number of cases 2008-11	% of all cases	Planned job reductions	Average job loss per case	% of Reductions
UK	208	29	154.423	742	36
Germany	90	12	83.596	929	19
France	48	7	22.580	470	5
Poland	70	10	27.924	399	7
Italy	46	6	53.568	1165	12
Ireland	42	6	8.589	205	2

¹⁴ A special case are the nationalisations or strong financial government supports a number of institutions got in 2007 - 2009, to survive the financial crisis. In exchange many of the supported companies had to cut or sell a part of their activities, forced by the EU. It seems these cuts appear as internal restructurings in the ERM statistics, but the decision was clearly taken externally.

Netherlands	40	6	29.933	748	7
Belgium	25	3	9.619	240	2
Spain	22	3	10.993	500	3
Sweden	11	2	2.790	254	1
Denmark	11	2	2.789	254	1

Source: (ERM database Eurofound)

The reported job losses, as a consequence of restructuring, are severe. Nevertheless they represent 10% of all job losses in EU between 2008 and 2011. Manufacturing was responsible for 38 % of EU job losses. Public administration (19 %) and transport (14 %) in transport were also hit harder. As Eurofound concludes: *'In the EU27 as a whole, 250,000 jobs were lost in the banking sector between 2008 and 2010. This means that employment decreased by 6%, above the average employment reduction in the whole economy (-2.4%), but far from the large employment corrections in the manufacturing and construction sectors (above 10%). Importantly, 187,000 jobs were lost in the UK alone, the main European financial centre. This means that without the UK, employment decline in the banking sector would have been lower than the average in the EU between 2008 and 2010.'* (Eurofound 2011)

3.2 Recent restructuring cases of banks and insurance companies

By far the largest job correction took place in the main European financial centre, the UK. More than 187,000 jobs disappeared. Why was the situation different than in other EU member states? A recent study, using ERM data, suggests the British sector was particularly exposed because its investment banking sector had a low level of regulation, and stocks and securities trading had gone further than elsewhere.

Northern Rock was among the first victims of the financial crisis. Already in 2007 this UK bank requested security from the Bank of England. This support led to investor panic in September 2007. Northern Rock then was to be a first example of a nationalised bank in February 2008. It set the pattern for major restructurings in the sector as a whole.

Although employment reduction was very heavy at Lloyds Banking Group and Royal Bank of Scotland (RBS) in the early stages, it turned out to be a general characteristic of all four major banks in the country in 2009. The implications were dramatic. Some UK banks were partially nationalised and faced downsizing during restructurings. Lloyds for example will have to sell 600 of its branches by 2013 as a 'result' of this.

RBS is a special case. It was one of the three companies winning the bid for Dutch bank ABNAMRO in October 2007, after a heavy struggle with Barclay. RBS took this step with Fortis and Banco Santander just before the financial crisis hit the UK severely. The deal with ABNAMRO had to be canceled and RBS was partially national-

ised in October 2008, just like Fortis in Belgium and ABNAMRO in The Netherlands. As a consequence RBS will have to step out of insurances. In May 2010 RBS announced the reduction of its insurance workforce of 16,000 by dismissing 2,000 employees and outsourcing about 500 jobs to India. In September 2010 3,500 more job cuts were announced. All in all 20,600 UK-based job cuts had been announced by RBS at the time.

In other countries - France, Germany, the Netherlands and Belgium - the crisis had an impact on certain banks, while the rest were not significantly affected. In Germany (more than 3% job losses between 2008 and 2010) a small group of banks faced problems, mainly the large Landesbanken, mortgage banks and special purpose banks – all of which were involved in own-account trading in. However German savings and cooperative banks did not face too many problems.

In France, Natixis and Société Générale suffered high losses in 2008 and 2009 as a result of speculative investment banking. It should be seen as an exception to the general picture in this country - employment levels in the financial sector increased during the crisis.

In the Netherlands, employment levels were already decreasing before the crisis. Here between 2008 and 2010 another 12.5% of employment disappeared. Two large banks with global operations exposed to the effects of the financial crisis announced major job cuts. Both were then (partially) nationalised and had to restructure under pressure of the national government and EU: ING announced 7,000 job cuts worldwide, 2,800 in banking activities, the rest in insurances (see also Sprenger 2010). ABNAMro on its turn announced a plan to cut 6,500 jobs after the merger with Fortis.

Belgium had experiences of restructuring at ING and smaller banks. In 2007 Fortis Bank joined RBS and Santander Bank to bid on ABNAMro. The deal seemed successful and the integration process was started. Once the financial crisis reached Belgium and the Netherlands, both governments intervened and support the two banks involved. After nationalisation of ABNAMro the acquisition was cancelled and Fortis Netherlands integrated with ABNAMro. Fortis Belgium had to look for a new partner to survive. BNP Paribas Fortis got the green light in May 2009.

3.3 BNP Paribas Fortis, a merger during crisis

In 2000, Belgian financial institution Fortis expanded inside and outside Europe. It became a (nearly) 100 % owner of Dutch insurer ASR Verzekeringsgroep and of Belgolaise Bank, operating in the African market. Five years later it took over 93% of Turkey's Disbank.

In 2007 Fortis achieved 50% of Hong Kong's Pacific Century Insurance.

In October of the same year it won control over ABNAMRO Holding NV by a 70.0-billion cash-and-stock offer - the

largest banking merger ever. The deal was reached after a six-month battle with Barclays, Fortis part of a three-party consortium with Royal Bank of Scotland and Spanish Banco Santander. Fortis should take over ABNAMRO's banking business in the Netherlands, its global investment management and private banking operations. In the mean time Fortis sold its 8% stake in ICBC (Asia) to the Industrial and Commercial Bank of China (ICBC)

2008 would become the year of the global financial crisis. Fortis sent a large amount of its specialised staff to the Netherlands, to prepare the integration of processes and services. In teams ABNAMRO and Fortis professionals introduced each other in business as usual and developed strategies for a common future. Fortis decided to sell the commercial-lending unit in the Netherlands, a former ABNAMRO activity, to Deutsche Bank. But unexpectedly DNB (De Nederlandse Bank, the responsible authority) refused to confirm the deal, due to the global crisis which emerged during the year. Alternatively a sale of 49% stake in the Chinese fund manager ABN AMRO TEDA to UK Old Mutual could be realised.

All in all Fortis seemed to have developed into a steady grower, emerging within the EU and on other continents.

Fortis during and after the crisis

In September 2008 the tide changed dramatically. While many Fortis YMPS were still in The Netherlands at the future Fortis offices still part of ABNAMRO, suddenly the Belgian, Dutch and Luxembourg governments (had to) provide 11.2 billion to save their financial institutions. Moreover, in October the Dutch government nationalized the entire Dutch operations of Fortis, the Belgian government nationalized the Belgian Fortis parts.

Fortis moved from over taker to overtaken. After many difficult negotiations with the merging company, the governments the stakeholders and the unions, a new merger came in place for the ABNAMRO bid/contract. In March 2009, 5 months after the first attempt, Fortis Belgium (Bank and insurance) and Luxemburg were taken over by French based BNP Paribas. The new company obtained 1,458 branches in Belgium, Luxemburg, Poland, Turkey, France, and other countries (except the Netherlands).The Belgian and Luxemburg state kept a minority ownership.

From an internationally oriented grower, Fortis had to move to a local/national player within a much bigger conglomerate of activities. BNP Paribas had moved rapidly from the home market in France. Like Fortis and ABNAMRO it was dependent of government support during the central part of the crisis. But four months after the merger with Fortis the government injection could be paid off, due to ex ABNAMRO's Chinese fund.

BNP Paribas as an emerging international player

BNP Paribas had expanded rapidly from its home market in France. Like Fortis and ABNAMRO it was dependent of government support during the pick of the crisis. But four months after the merger with Fortis the government injection could be paid off, due to ex ABNAMRO's Chinese fund.

Table 3.3 : Global player BNP Paribas and its expansion - history of restructurings since 2000

2001	Majority in BancWest Corp. (U.S.)
2002	Takeover United California Bank from UFJ Holdings (Japan); 10.9 holding in Crédit Lyonnais (from French government)
2003	Government rejects BNP Paribas bid on Crédit Lyonnais - minority share sold to Crédit Agricole
2004	Takeover Community First National Bank (North Dakota US)
2005	BNP Paribas BancWest buys Omaha (Nebraska)
2006	Takeover Banca Nazionale del Lavoro (Italy)
2007	19% share in Libya's Sahara Bank (from Libya's central bank)
2008	Takeover Bank of America's hedge fund servicing prime brokerage unit Right to take up 51% of the bank by 2012
October 2008 (and March 2009)	French state injection 5.1 billion
2009	March: obtaining 75% of Fortis Bank Belgium and 25% of Fortis Insurance Belgium, plus 16% stake in BGL (Fortis' Luxembourg operations); Another 50% of BGL through Fortis Bank Belgium
2009	September: Repay government injection November: Sale of 49% stake in Chinese ABNAMRO TEDA (Fortis 2007) to Manulife Financial (Canada)

Source: Swire Chin's List 2010-2011

3.4 Changes in employment

Employment at Fortis went down from 85,000 FTE¹⁵s before the merger to 37,000, half of which (18,000) in Belgium. The label Fortis stayed active in almost 50 counties, a bit less than before. Insurance activities were cancelled.

The merger gave BNP Paribas two more home markets, after France and Italy. It made the new BNP Paribas Fortis the leading retail bank in Belgium and Luxembourg, as well as the second largest in consumer credit.

¹⁵ Full time employment

Table 3.4 : BNP Paribas in its four home markets for retail banking

BNP Paribas in:	Belgium	Luxemburg	Italy	France
Number of branches	1 064	37	700	2279
Number of customers	3 million	280 000	2,5 million	6,3 million

Source: BNP Paribas, FORTIS as a part of BNP Paribas, "A European Group of international standing, built on respect for diversity" (2009)

From a 2011 perspective the trade unions involved (merger decision, social plan, etc.) helped make the right decision by not sticking too long with the 'single player' scenario and take a co-operative position in the merging process. In the negotiations they agreed that between 2009 and 2012 a net employment reduction of ~750 FTEs in Belgium would be achieved, with the option that no forced dismissals would be necessary. The package deal consisted of:

- a gross reduction of 2,000 FTEs
- an increase of 1,250 FTEs by strengthening of BNP Paribas Fortis commercial position in Belgium (700 FTEs), reorganisation of the BNP Paribas Group International set-up (550 FTEs) and the creation of Competence Centres, Steering Centres and Shared Services Centres in Belgium.
- a future employment of around 18,000 FTE's

As the natural flow of employees leaving was expected to be at least 2,000 FTEs in the three years from 2009, this agreement seemed realistic for both parties. However, the match to be found was not only quantitative. The new employment created could not be performed by every employee losing his or her position at Fortis.

To achieve the quantitative and qualitative objectives Fortis and the unions agreed on a series of instruments to be developed:

- a mobility strategy within BNP Paribas Fortis, to facilitate management and employees to move somewhere else
- the creation of (internal) mobility centres to deliver personal services
- a considerable special budget for the training needed
- the objective to support people in job-to-job transitions, making them move into new external employment without becoming unemployed
- facilities for mobility within the BNP Paribas Group, opening up the rest of the new company for career steps

Basic principle was that all steps should be taken as voluntary individual choices.

In 2009, employment at Fortis went down from 18,490 to 17,536 - the net reduction was already realised. From then, employment increased again slowly by hiring new employees. Fortis, with AXA, was the only bank in Belgium to grow in employment during the year 2010.

Table 3. 5, Employment 2010 in FTEs, in 12 banks operating in Belgium

FTE	Total FTEs under contract				
	Dec 2009	Dec 2010	Evolution 10	July 2011	Evolution 11
AXA BANK	1.077	1.084	0,67 %	1.060	- 2,21 %
VDK SPAARBANK	266	261	- 2,03 %	257	- 1,49 %
BNP P Fortis	18.307	18.516	1,14 %	18.394	- 0,66 %
VAN LANSCHOT BANKIERS	138	136	-1,16 %	129	- 5,51 %
DEGROOF BANK	502	507	0,98 %		
ING BANK	9.901	9.860	- 0,41 %	9.693	- 1,70 %
KBC BANK	8.978	8.878	- 1,11 %	8.611	- 3,01 %
DEXIA BANK	6.244	5.962	- 4,52 %	5.877	- 1,41 %
THE BANK OF NEW YORK MELLON	895	813	-9,18 %	754	- 7,16 %
CITIBANK	765	732	- 4,34 %	738	0,90 %
EUROCLEAR BANK	1.205	1.120	- 7 %	1.132	1,11 %
DELTA LLOYD BANK	918	818	- 10,90 %	740	- 9,54 %
total	49.196	48.686	-1,04%	47.386	

Source: Presentation Wilfried Remans, HR BNP Paribas Fortis, 19.09.2011

3.5 The position and perspectives of young employees and young professionals at BNP Paribas Fortis after restructuring

Financial institutions employ a relatively high level of young high skilled employees, many of them working at managerial or specialist level. Fortis was no exception. In 2007 just one third of its employees were under 35 years of age.

The rate of young employees slightly decreased from year to year, despite the fact that a group of older employees left the company, partly by early retirement. Nearly 1,100 younger people left the Fortis ranks, due to the net sum of new entrants and leavers. In percentages young employees left 3 times more than the Fortis employees on average.

Table 3. 6 Employees under 35 years at Fortis, 2007-2011

	End 2007	End 2008	End 2009	End 2010	June 2011
Employees under 35	6,487	5,839	5,348	5,483	5,399
Difference in % under 35's (2007 = 100)	-	10	18	15	17
In % of all employees	34	32	31	30	30
Difference in % all employees (2007 = 100)	-	5	8	6	6
Total employees	19,113	18,490	17,536	17,941	17,939

Source: Presentation Wilfried Remans, Social Relations manager BNP Paribas Fortis, 19.09.2011

Although the number of employees as a whole decreased after restructuring, the share of executives (middle management and comparable roles) rose after restructuring, from 11,834 (64%) in 2009 to 11,811 (66%) in 2011. The younger generation of employees lost positions at this level - their share decreased from 29% to 25% of all executives.

Table 3.7. Employees under 35 at Fortis in middle management roles (executives), 2007-2011

	End 2007	End 2008	End 2009	End 2010	June 2011
Employees under 35	2,845	3,436	2,982	2,991	2,964
% under 35 of all executives	26	29	26	26	25
Total executives	10,962	11,834	11,267	11,649	11,811
% executives of all employees	57	64	64	65	66

Source: Presentation Wilfried Remans, Social Relations manager, BNP Paribas Fortis, 19.09.2011

Which were the reasons for the overrepresentation of young employees in job cuts and the slight underrepresentation in the growing group of middle management jobs - one of the core perspectives for YP&MS? It was not a lack of young new entrants after restructuring, as Table 8 reflects. About one in every three employees is from the under-35 group. But among the new entrants they were the dominating group, in particular in the years 2009 and 2010 (over 80%). Alas they were also dominant - though on a lower level - among those who left the company. Against 631 young newcomers in 2009 there were 493 young leavers. In 2010 and 2011 the balance seems to be recovering.

Table 3.8 Young(er) employees entering and leaving Fortis after restructuring

	2007	2008	2009	2010	January-June 2011
New entrants under 35	1,261	605	631	1,202	431
In % of all new entrants	77	77	83	80	69
Total new entrants	1,645	786	761	1,499	660
Leaving Fortis under 35	673	673	493	456	234
In % of all leavers	57	50	32	47	39
Total employees leaving	1,186	1,343	1,561	978	597

Source: Presentation Wilfried Remans, HR BNP Paribas Fortis, 19.09.2011

Reasons why younger employees leave or stay during and after restructuring

An exit survey among leavers in 2009 and the first half of 2010 collated reactions. 87% of the respondents were under 35 and left the company. The main factors for leaving were 'career perspectives', followed by 'recognition and reward'. Women also mentioned 'recognition and reward', with 'job security and job content' and 'company culture' second and third. These results suggest a lack of career prospects as a negative factor for, in particular, the male YP&MS, while lack of recognition and reward (material and immaterial incomes) were equally important to both sexes.

Nevertheless, a decisive majority did not lay much of the blame for their individual decision with Fortis. More than 80% would eventually consider coming back in the future and recommend Fortis as an employer to others. Recommendation of their own work department was slightly lower, but still between 60 and 70%.

Table 3. 9 reflects the opinions of those who stayed. 11.000 employees participated in an Employee Motivation Survey in 2010. Unfortunately we can not discriminate between the answers of younger and older employees. On the whole the results were more positive than a year before - when restructuring and insecurity culminated. Those who stayed in 2009 seem even less favourable about Fortis as an employer than the leavers participating in an exit survey. A year later their opinion showed a growing pride and recommendation.

Table 3. 9 Main results Employee Motivation Surveys 2009 and 2010

	Entirely agree 2009	Entirely agree 2010	Entirely disagree 2009	Entirely disagree 2010
Strongly believe in aims and perspectives PNP Paribas	61	75	3	4
Proud to be associated with BNP Paribas	72	84	4	3
Would recommend BNP Paribas as employer	49	75	4	6

Source: Presentation Wilfried Remans, HR BNP Paribas Fortis, 19.09.2011

Discussants from the company argued during the project workshop there could be four main reasons for the relatively high number of young leavers:

1. the level and long term perspectives of YP&MS salaries, which have slowed down in growth, and do not always match expectations of graduates entering a bank.

2. the change to 'regional' banking within the new company; before, Fortis offered perspectives for international and better paid careers, which are now less common.
3. stress and disappointments about 'lean' staff planning and scheduling, which makes departments and locations extremely vulnerable in case a colleague is ill or someone has demanding work-life-balance schedules.
4. frustration about the roles and attitudes of older higher middle managers: some of them (seem to) block the company strategy for new work concepts and better services, promoted by the top of the organisation in order to win back and keep clients after crisis related reputation and trust damage.¹⁶

Post-restructuring plans and measures

Most HR activities during and after restructuring have been 'age neutral'. They focused on transparent and open communication on the restructuring process. They helped individual employees to be more mobile, get trained and eventually move from job to job. Parts of the tools were directed at new forms of service provisions, winning back clients and client trust/satisfaction.

Trade unions in turn concentrate on collective employment security measures and availability of HR instruments for those who want and need them.

Neither HR nor the unions have direct answers on stress-after-restructuring, lack of perspectives, frustration about line managers, recognition of individual qualities and needs in the period after restructuring.

An exception is the **35Beaufort** activity 'by and for young BNP Paribas Fortis professionals'. For Fortis Belgium the aims of this network are:

- promoting interpersonal relationships between young employees over the borders of the departments where they are employed
- enhance the company's culture and its sense of belonging

The network has around 1,000 members, and should help produce knowledge of the various business lines and functions in the company as a whole. It is also meant to serve as a forum for informal interaction between management and employees.

¹⁶ Many YP&MS support this quality strategy, but face negative reactions of older management. They do not really believe this strategy is serious business, partly due to earlier disappointments. *'I still have to realize my targets with less staff - so why would we try to work different and more client oriented?'*

35Beaufort is an effort to interconnect young staff from different places in the organisation. The traditional organisation and its formal management structure might stand in the way of sharing experiences - and thus make YP&MS feel more at home. For the company it can provide knowledge and ideas needed to survive. In a way the initiative reflects the (cultural) generation gap within the employee group, and the impossibility to develop management styles and tools empowering YP&MS and their competencies.¹⁷

3.6 Final remarks and proposals

The merger between BNP Paribas and Fortis is a special case which cannot be assimilated with other experiences within the same sector. Usually, most recent restructurings in the financial sector can be characterised as:

- internal restructurings, where the company restructures workplaces and activities, including job cuts and forced dismissals
- creating a situation in which new open ended contracts for young entrants will be exceptional for a period of time

Fortis was in a difficult position between October 2008 (government support, loss of ABNAMro and Fortis Netherlands) and May 2009 (merger BNP Paribas definitive). Nevertheless management and trade unions/works councils could agree on a net loss of 750 FTEs, without forced dismissals, a rather unique outcome of social dialogue. This framework agreement created a fairly secure perspective, also for the young employees - around one third of all employees.

Soon after the merger new entrants had to be hired, most of them were soon offered open-ended contracts. However, cautions are required in translating the BNP Paribas Fortis experiences for YP&MS to the whole financial sector. It seems plausible that YP&MS will have been in more secure conditions than their colleagues in other restructuring banks and insurances.

As a result of this restructuring process, the BNP Paribas Fortis case has peculiarities with regard the implications for YP&MS that make it rather unique, although some conclusions seem more universal:

1. Restructuring in financial services has accelerated and intensified since the outbreak of the financial crisis. Most restructuring processes are internal within one company, while in one out of ten cases the form is a merger or acquisition. The effects of restructuring in this sector vary between EU member states. In UK, Germany and the Netherlands substantial job losses have been the case. In France, Luxemburg, Sweden, Romania and Poland the number of jobs in financial institutions kept increasing during the crisis.

¹⁷ Some YP&MS from BNP Paribas Fortis, present at the meeting of 19 September 2011, did not know 35Beaufort existed.

The BNP Paribas Fortis is not illustrative for the sector as a whole, but teaches us a series of universal lessons. The first year of a radical restructuring process in the financial sector is full of uncertainties for YP&MS due to the following:

- (career) perspectives shift.
- rewards may stagnate.
- recognition of YP&MS and their individual competencies and qualities can get lost on the way.
- stress grows as business has to proceed, often in a leaner work organization.
- those staying with the firm, or allowed to stay, are easily seen as the lucky ones - *'they should not complain'*; however their workload, job content and individual perspectives are rapidly changing.

2. In general neither HR nor the trade unions have answers and tools to deal with this kind of change problems. Most tools are developed to create as much (employment) security and mobility as possible. Less is done to cope with the problems during the first year and after.

In the light of the expected tight future labour markets of high skilled youngsters this is remarkable. Hiring YPM's is no longer a guarantee for keeping them in the organisation and guiding them to the positions they are competent for. The first year of the restructuring process at BNP Paribas Fortis shows that a lot of energy is spent to guide and instrumentalize the immediate transition process. Less attention could be observed for:

- a. coping with restructuring based stress of those who can stay or are newly hired shortly after the process
- b. coping with rewards and recognition at individual level
- c. coping with management structures and styles that can be in the way of top management strategies with quite some resonance in the YP&MS groups - creating disappointment among the youngest generation in the company
- d. using (social) media in a way that empowers YP&MS within the work organisation and departments.

One conclusion drew up in the project meeting held in Brussels address the fact that HR should identify YP&MS as a special group, during the restructuring process and after. However, is HR prepared and able to do that?

3. Trade union practices in restructuring reflect the flip side of the coin. They concentrate on what they see as their core activities during restructuring: negotiating employment retention, social plans, rules and regulation to run the restructuring process. In the case of BNP Paribas Fortis they did so with great success. The number of forced dismissals was negligible.

However, unions are less focused on analyzing the needs and ambitions of YP&MS after the restructuring moments. They are also less focused on the situation of those who can stay, or are newly hired.

To meet these needs and solve their own age problem, trade unions in service sectors cannot stick to the 'old' forms and practices only. BNP Paribas Fortis serves 3 million Belgian clients in over 1000 branches - on average employing 17 FTEs. A union cannot be present and visible in each of these 1000 branches, cannot meet the new generation in person and listen to what counts most for them at work. They cannot restrict themselves to guiding the collective procedures of restructuring. They should '*discuss the contents of the job*', as one of the conclusions of the project meeting in Brussels was summarized.

New tools and ways of contacting new members are needed¹⁸:

- using (social) media as a way to communicate and spread information with a younger generation of high skilled employees¹⁹.
- offer transparency and on-going discussion on negotiation processes.
- promote social innovation, empowering young members and non members to influence the development of their work place and organisations, innovate processes, use employees experiences to make restructuring a more continuous and challenging phenomenon.

In some way 35Beaufort and social innovation of the trade union are similar options to improve relations and knowledge sharing with YP&MS, during and after restructurings.

18 Presented by Michael van den Broucke during the Brussels workshop.

19 See also Projectvoorstel sociale innovatie (Bediendenvakbond 2010): '*Although a bunch of practical barriers will have to be overcome, we should not underestimate the gigantic possibilities offered us as trade unions and works councils by the so called new media:*

- *reach: increase reach and visibility*

- *participation and engagement: increasing dialogue with the target group and getting feedback*

innovation: obtaining new ideas by interacting with the target group loyalty: creating more robust relations with the target groups.'



4. Restructuring in the local public sector

The aim of another of the cases analysed was to reflect on the changes emerging in the public sector as a result of restructuring and the potential implications for YP&MS. The reference case study was a reorganisation project so called FRAM carried out in the Swedish municipality of Örebro in 2007-2009. This restructuring process covered the reorganization and staffing of the public administration at all levels in the municipality.

Taking this case as reference, other experiences in on-going restructuring processes in the EU were discussed at the workshop held in November 2011. This led to an interesting exchange on the forms that these initiatives take and the effects they have.²⁰

4.1 Context: the Public sector in crisis

The public sectors of most countries expanded a great deal between 1945 and 1980 despite differences in their economic systems, levels of development and political ideology. As economies grew and societies became highly differentiated the states conventional tasks of regulation, allocation and redistribution became more complex. Public sector growth was also a function of the types of societies various governments sought to promote. For instance commitment to the welfare state and macroeconomic stability in OECD countries encouraged acceptance of the state as a central institutions for redistributing wealth, protecting the vulnerable and stimulating aggregate demand. Similarly nationalism, efforts to create cohesive societies in multi-ethnic setting and pressures for rapid growth facilitated expansion of the state in developing countries (Bangura, 2000).

The state was essentially seen as an institution that would foster unity or solidarity, promote national development and macro-economic stability, regulate or check foreign domination, protect domestic markets and

²⁰ This chapter is deeply based on the report drafted by Ola Bergström and Christina Mauléon within the context of this project

in some cases redistribute wealth. This vision of the state came under attack during the 1980s and 1990s in practically every region of the world. An alternative vision, embraced in varying degrees by countries, has sought to create a market friendly, liberalized lean, decentralized, custom-oriented, managerial and democratic state. The core elements in the vision are sometimes contradictory as different social forces drive them in different national contexts and with varying levels of capabilities. There are tensions between, on the one hand, concerns for efficiency, market soundness, deregulation, competition and stabilization and issues of accountability, representation, participation and equity on the other (Bangura, 2000). Recently have not only the vision of a 'new' market friendly Public sector created changes and challenges within it but also the economic crisis of 2009- creates challenges within the public sector.

Restructuring in the Public Sector

As a consequence of government responses to economic crisis and economic constraint public budgets have come increasingly under strain. Due to the Euro crisis in the spring of 2010 all European governments have put focus upon the public sector and its budgets. The following example shows differences in how much of BNP was put into the social protection expenditure a large part of the public sector between 1998-2008.

In the EU-27, social protection expenditure accounted for 26.9% of GDP in 2006. This ratio was 27.1% in 2005 and 2004 and 27.2% in 2003. The EU27 average continued to mask major disparities between Member States. Social protection expenditure as a percentage of GDP was above 30% in 2006 in France (31.1%), Sweden (30.7%) and Belgium (30.1%), and below 15% in Latvia (12.2%), Estonia (12.4%), Lithuania (13.2%) and Romania (14.0%). These disparities reflect differences in living standards, but are also indicative of the diversity of national social protection systems and of the demographic, economic, social and institutional structures specific to each Member State. The trends we see in the following are that some countries are spending more and others are spending less on social protection in the public sector. This could be explained by differences in living conditions from the start of the measurements in the different countries. However it is noteworthy that the countries with the historically highest living conditions are cutting their budgets within this area.

The highest share of social protection benefits (the largest component of social protection expenditure) was accounted for by old age and by sickness/healthcare benefits; together these two functions accounted for 68.8 % of total EU-27 social benefits in 2008. Benefits related to family/children, disability, survivors and unemployment ranged between 5 % and 8 % each, while housing accounted for 2.1 %.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27			26.4	26.6	26.9	27.2	27.1	27.1	26.7	25.7	26.4
Euro-area*			26.7	26.8	27.4	27.8	27.7	27.7	27.3	26.8	27.5
Belgium	27.1	27.0	26.2	27.2	28.0	29.0	29.2	29.6	30.2	26.8	28.3
Bulgaria			10.2	9.7	10.2	9.7	9.7	15.1	14.2	14.1	15.5
Czech Republic	18.5	19.2	19.5	19.4	20.2	20.2	19.3	19.2	18.7	18.6	18.7
Denmark	30.0	29.8	28.9	29.2	29.7	30.9	30.7	30.2	29.2	28.8	29.7
Germany	28.9	29.3	29.3	29.5	30.1	30.5	29.8	29.7	28.7	27.7	27.8
Estonia		15.4	13.9	13.0	12.7	12.5	13.0	12.6	12.1	12.3	15.1
Ireland	15.2	14.6	13.9	14.9	17.2	17.8	18.0	18.1	18.4	18.9	22.1
Greece	21.7	22.7	23.5	24.3	24.0	23.5	23.6	24.6	24.6	24.5	26.0
Spain	20.2	19.8	20.3	20.0	20.4	20.7	20.7	20.9	20.9	21	22.7
France	30.1	29.9	29.5	29.6	30.4	30.9	31.3	31.4	30.7	30.5	30.8
Italy	24.6	24.8	24.7	24.9	25.3	25.8	26.0	26.4	26.6	26.7	27.8
Cyprus			14.8	14.9	16.3	18.4	18.1	18.4	18.4	18.1	18.4
Latvia	16.1	17.2	15.4	14.5	14.1	13.9	13.1	12.7	12.6	11.2	12.6
Lithuania	15.1	16.3	15.8	14.8	14.1	13.6	13.4	13.3	13.4	14.5	16.2
Luxembourg	21.2	20.5	19.6	20.9	21.6	22.1	22.3	21.7	20.4	19.3	20.1
Hungary		20.3	19.5	19.2	20.3	21.2	20.6	21.9	22.4	22.4	22.7
Malta	17.9	17.8	16.9	17.8	17.8	18.3	18.7	18.5	18.1	18.0	18.9
Netherlands	27.8	27.1	26.4	26.5	27.6	28.3	28.3	27.9	28.8	28.3	28.4
Austria	28.5	29.0	28.4	28.8	29.2	29.6	29.3	28.9	28.4	27.9	28.2
Poland			19.7	21.0	21.1	21.0	20.1	19.7	19.4	18.1	18.6
Portugal	20.2	20.6	20.9	21.9	22.9	23.3	23.9	24.6	24.6	24.0	24.3
Romania			13.0	12.8	13.6	13.1	12.8	13.4	12.8	13.6	14.3
Slovenia	24.1	24.1	24.2	24.5	24.4	23.7	23.4	23.0	22.7	21.3	21.5
Slovakia	20.0	20.2	19.4	19.0	19.1	18.2	17.2	16.5	16.3	16.0	16.0
Finland	27.1	26.4	25.1	25.0	25.7	26.6	26.7	26.7	26.4	25.4	26.3
Sweden	31.2	30.8	29.9	30.5	31.3	32.2	31.6	31.1	30.3	29.1	29.4
United Kingdom	26.3	25.7	26.4	26.8	25.7	25.7	25.9	26.3	26.0	23.3	23.7
Iceland	18.3	18.8	19.2	19.4	21.2	23.0	22.6	21.6	21.2	21.4	22.0
Norway	26.9	26.9	24.4	25.4	26.0	27.2	25.9	23.8	22.6	22.9	22.4
Switzerland	27.4	27.4	27.0	27.7	28.5	29.2	29.3	29.3	28.0	27.3	26.4

Source: Eurostat (online data code: tps00098)

* EA-16 instead of EA-17.

Restructuring in Public sector not new

Public sector is quite diverse throughout the member states. In labour terms, we have to distinguish two main types of civil service model in Europe: career-based model (France, Spain) and position-based model (Nordic countries) employment systems. The former model is characterised by being based on the labour-administrative link of the public employee to the State lasting the entire professional life, accessing the job by a competitive examination or with limited entrance through merit and ability tests, a professional career based on seniority and transversal competition within the same “Body”, rather than on suitability for the job. Depending on the level of politicization of the administration, these civil servants may be removed from their jobs or positions with more or less ease.

The latter civil servant model is rooted in the definition of a specific job or position for which the most ideal persons are recruited in a process that is more open than the competitive examination system. This model, sometimes referred to as Agency, includes individual performance assessment systems based on results and puts geographical and functional mobility into practice. Mixed models also exist in other Member States, whereby the administration uses characteristics of both types of work relationship depending on the type of public service that is to be rendered.

Table 4.1 Overview of type of administration tradition

Country tradition	Civil service tradition
Continental	High status for civil servants, organized around corps, recognized as special group of employees
Anglo-saxon	High status for civil servants, they are non-politicised
Nordic	Civil service is highly decentralized (agency model) and it is professional and non-politicised
Mediterranean	Civil servants have a low status and political intervention in their work as possible
East European	Each country has adopted different system, but common tendencies are: low civil servant status & mechanisms to avoid political influence

Source: Kuperus and Rode, EIPA, September 2009²¹

The civil service and public administrations are highly influenced by labour status and type of employment relationship, career and position, high or low political autonomy of civil servants and other factors, pay/collective labour agreements, amongst other factors.

²¹ EGPA paper 2009, *Flexicurity and strategic management in public administration in Europe*

For quite a considerable period of time, restructuring has become a reality in the public sector just like in the private sector. Former state monopolies in utilities, transport and communication have been privatised in most countries and undergone vast changes since then; social policy reforms have led to a re-arrangement of agencies administering social benefits and services in many countries. However, compared to activities regarding private sector restructuring (Gazier et al. 2008; Bergström et al. 2010), little scientific and political attention has been given to restructuring in the public sector.

Public sector reforms are taking place under different slogans (modernization, rationalisation, governance, etc.) with ideological or political messages behind them. The keyword is often efficiency. The crisis has worked as catalyst to a grand restructuring operation of the public sector in most Member States. As a result of large budget deficits and the need to cut down public expenditure, different reforms have come into place since 2009. Amongst these reforms:

- Reforms which affect wages, including wage freeze or wage decreasing by a percentage. These measures are often applied gradually over a period of time. Also, reforms affecting employment conditions: for instance, by means of increasing working hours or eliminating rest days or periods, etc.
- Amendment of the wage and/or social benefits systems
- Reducing staff or overall decrease in staff by not recruiting new employees to cover leaves of absence or retirement of civil servants.
- Amendment of the collective bargaining system, by means of unilaterally imposing these measures, as in the case of some countries (Spain, Czech Republic, Greece, Ireland, UK, Romania, Italy).

4.2 The role of municipalities in Sweden

Sweden has three levels of government: national, regional and local. The division of responsibility between central government and municipalities has changed over the years. Activities have primarily been transferred from central government to municipal bodies, primarily for democratic reasons. In municipalities it is easier to maintain continuous contact between decision-makers and the private individual.

Municipalities, county councils and regions in Sweden are divided into 290 municipalities and 20 county councils. They have a considerable degree of autonomy and have independent powers of taxation. Municipalities, county councils and regions are entitled to levy taxes in order to finance their activities. Municipalities, county councils and regions decide on their own tax rates. The average, overall local tax rate is 30 per cent.¹ Sweden's municipalities, county councils and regions have a great deal of freedom to organize their activities as they see fit.

Sweden's 290 municipalities are responsible for a larger share of public services in comparison to the situation in most other countries. Three-quarters of the activities of the municipalities are directly related to demo-

graphic factors and are determined by the number of inhabitants, their age and their state of health. The municipalities are responsible for practically all primary and secondary education as well as other services: social services; planning and building issues; health and environmental protection; waste management; emergency services and emergency preparedness; water and sewerage; support for the physically and intellectually disabled. Childcare, preschools and schools account for over 40% of municipal budgets.

Procurement of services

Municipalities, county councils and regions in Sweden may procure services from private companies. Activities carried out by private companies on behalf of municipalities, county councils or regions are financed using public funds. Privately run activities that are financed using tax revenues must offer citizens services on the same conditions as those which apply to similar public services.

This means, for example, that citizens pay the same for a service irrespective of whether it is provided by the public sector or by a private company. In some areas, such as refuse collection, public transport and dental care, it has long been common for municipalities, county councils and regions to procure services externally. It is only recently, however, that private companies have begun to run preschools, schools and care facilities.

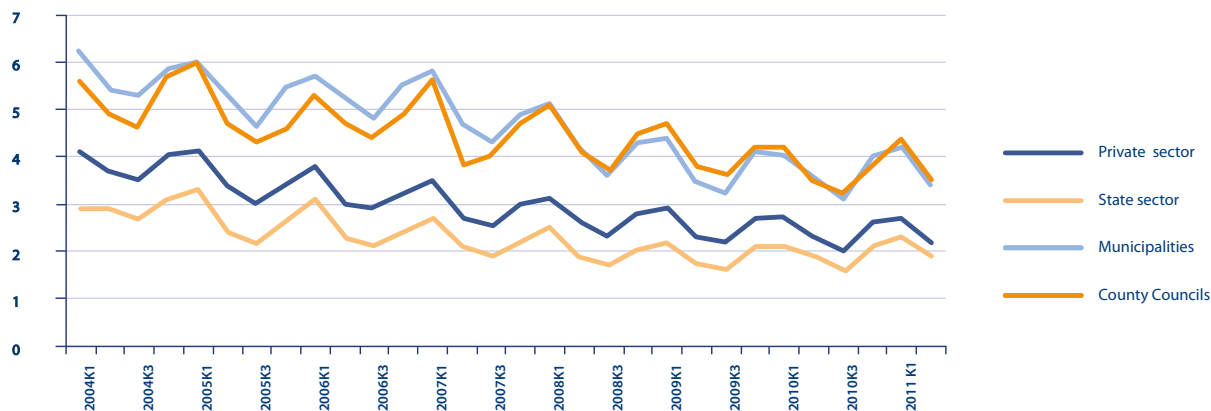
Employment

Municipalities are major employers. There are approximately 46,000 political assignments in the 290 municipalities and 3,500 political assignments in the 20 county councils and regions. This means that 1% of the adult population in Sweden holds a political assignment in a municipality or a county council. In total one in five employees in Sweden, or just over 800,000 individuals, works for a municipality. Most of them work in the care and education sectors. Women represent just over 80% of the total employment for municipalities and county councils. In local government councils, 42% of the employees are women and 58% are men. In the county council assemblies, 47% are women and 53% are men. Part-time employment is relatively common in the municipality sector. In the health care sector about 40% of employees work less than 45 hours a week.

Employees in municipalities and county councils have higher level of sick related absence from work compared to the private sector and the state. The trend is downward, but still significantly higher levels.

Approximately half the employees in local government councils and county council assemblies are between 50 and 65 years old. Only 5% are between 18 and 29 years old and close to 10% are older than 65. This creates important challenges for municipalities in the future. When the older employees retire there will be a loss of competence, but also a challenge to employ and train younger employees.

Figure 4.1: Share of employees in sick related absence from work, 2004-2011



Source: SCB

4.3 Restructuring in Sweden and job security councils

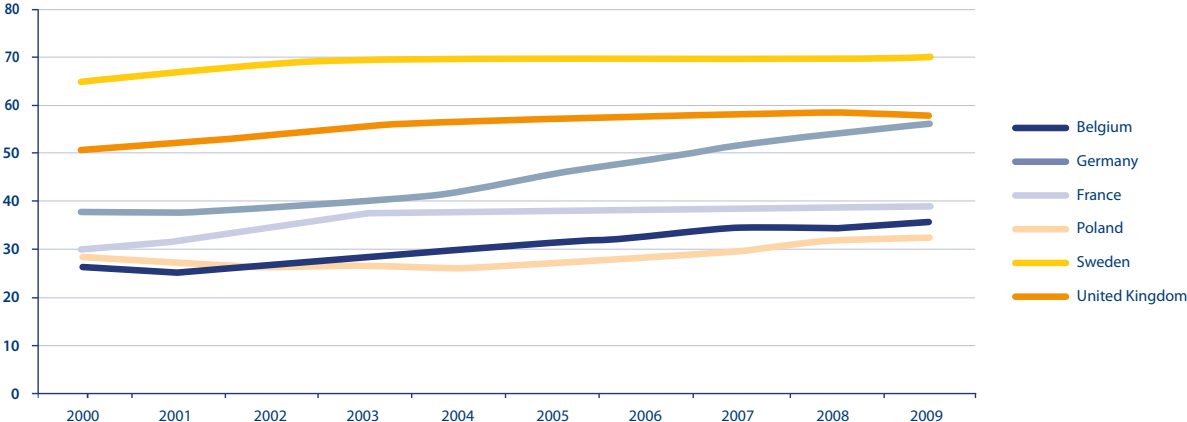
Swedish practices of restructuring are unique in a European perspective. The specific legal regulations and the system of job security councils (Trygghetsråd and Trygghetsstiftelser) means that we can talk about a Swedish model of restructuring characterized by an extensive social dialogue, a high level of employer responsibility and a well developed system for outplacement services, which ensures transition of dismissed workers to new jobs (Bergström, 2009).

Restructuring in Sweden is different in relation to most other European countries. First of all, there is a very high employment rate, almost 75%. This is important in the context of restructuring issues.

The Swedish model is based on the idea of saving people not jobs –it is built upon the classical solidarity model. There is an acceptance of dismissals as a way to increase or maintain high productivity. Employers who are highly productive could pay high wages but they only have to pay solidarity-based wages, so they benefit from this. The non-productive employers lose on this when they pay more than the market wage. This means that non-productive organizations ought to be rationalized and made more efficient. Sweden is a small and open economy, so it needs a highly productive ‘apparatus’ that can adapt to global change. Labour is transferred to the productive activities and labour mobility is important. This is where the active labour market policy comes in and the State acts through the public employment services to support transition in the labour force.

The employment rate of older workers is also very high, nearly 70% of older workers at work, older workers meaning workers born in the 40ies and before. This has to do with how restructuring issues are handled and is relevant when discussing youth unemployment. Due to the rule so-called 'last in first out' there are many older people who remain in work in an organisation facing restructuring. It is also a phenomenon called the "stopper Orvar", the generation born in the 1940s who hold most important jobs.

Figure 4. 2 Employment rate, older workers in Sweden



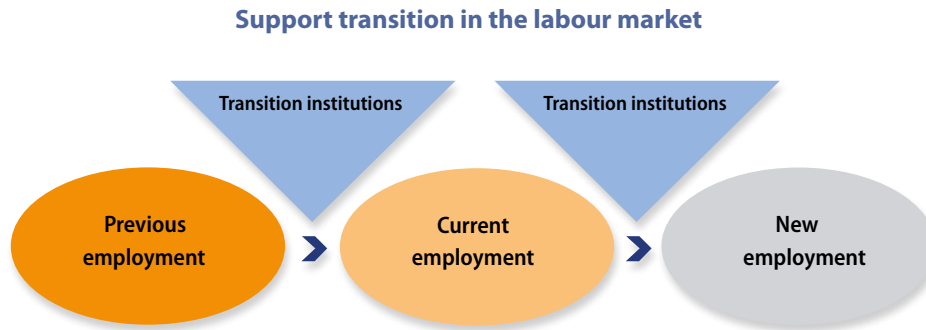
Source: EUROSTAT

To understand the Swedish way of managing restructuring it is important to understand the country’s employment protection legislation. Termination of employment contracts must be done on reasonable grounds. But the selection principle (how redundant workers are selected) is unique: the employer has considerable freedom to terminate contracts but is constrained to selecting the last person to be employed first. This is particularly interesting from a young professional perspective, i.e. the younger have less protection than older workers. This may explain the high proportion of older workers in the Swedish labour force. However, employers who are not willing to apply this approach can negotiate with the unions, as the trade unions are in the position to allow the employer to use other principles for the selection of workers for dismissal. So the employer can circumvent the labour law through negotiating with trade unions.

Most EU countries focus on avoiding redundancies or trade unions often accepts to reduce salaries to avoid closure. In Sweden, it is not usual due to it is rooted in the solidarity wage policy. It is not usual to agree lower

wages and working conditions when there is an economic crisis. Swedish Trade Unions say we should not save job at any price, instead we should save people who may need to move elsewhere for new jobs. Publicly funded short time work schemes or temporary unemployment schemes are not used at all, but there are discussions about introducing some kind of short time work schemes in the manufacturing sectors. However, the general policy is that “we shall not put State resources into prolonging or postponing non productive activities. Such activities should be rationalized or closed.

Perhaps the most interesting phenomenon in Sweden refers to the different transition institutions; intermediaries and organisations which help dismissed workers to transfer to new jobs, the so-called Job Security Councils.



Job security councils are non-profit organizations that primarily support transition from one job to another. 0.3 % of the employers' labour costs are spent on these organizations. The system works like an insurance policy, and the employer can use this kind of resource when restructuring is taking place, whether offering job search training or counselling.

There are job security councils in every sector except the municipality sector; although a new job Security Council for the municipality sector is scheduled to come into being as of January 2012. These councils are the result of policy developed by trade unions and employers together, and that means they both agree to continuous change in organizations, anticipating possible changes in the future.

In most countries restructuring is regarded as a crisis. But with these Jobs security councils, social partners in Sweden agree that change is always there and that it is something we need to adapt to.

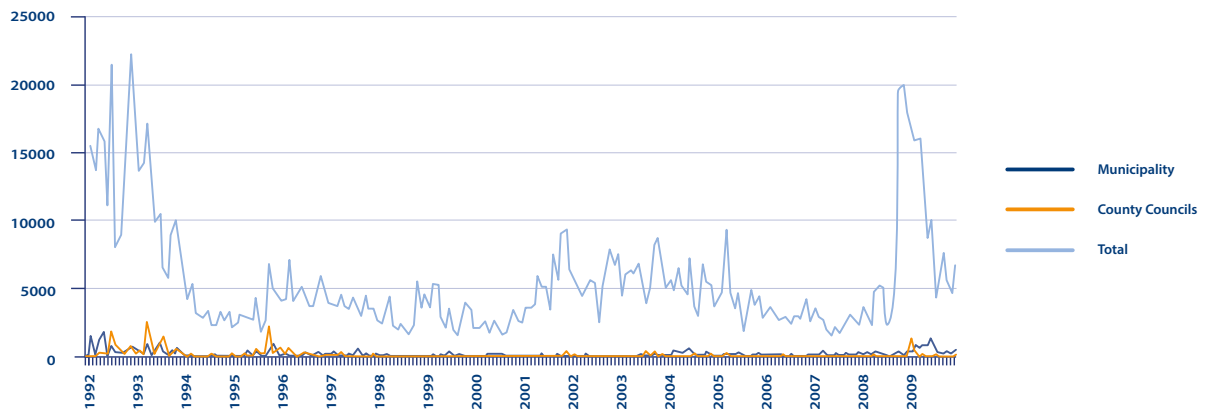
These Job security councils provide expert advice regarding change both to employer, employees and trade unions. The results obtained by this system are of particular interest. The dismissed workers normally manage

to find jobs. According to the most recent figures, 80% find jobs within 8 months. This means that if you become unemployed, you will probably find a job during your dismissal period and not remain unemployed in the long run. In many workplaces you don't need to work during this period, which means you can put all your time and effort into your search for a new job. But even with these results, dismissals have an impact on young workers and foreigners. It means that you are protected if you have a job when a recession comes, but these Job security councils are not there for those outside the labour market.

Restructuring in the Swedish Public Sector

In fact, the Swedish model can be seen as a model to promote and accommodate structural change. However, the Municipality sector seems to manage restructuring in a different way compared to other sectors in the Swedish economy. In comparison to other sectors, the Municipality sector is not as dependent on collective redundancies, as a way to manage structural change. As statistics from the Public Employment Services (Arbetsförmedlingen) show, the number of announced redundancies in the Municipality sector is only a small and stable proportion of the total number of announced redundancies in Sweden, despite the fact that the Municipality sector employs about 20% of the Swedish labour force (SCB, 2011).

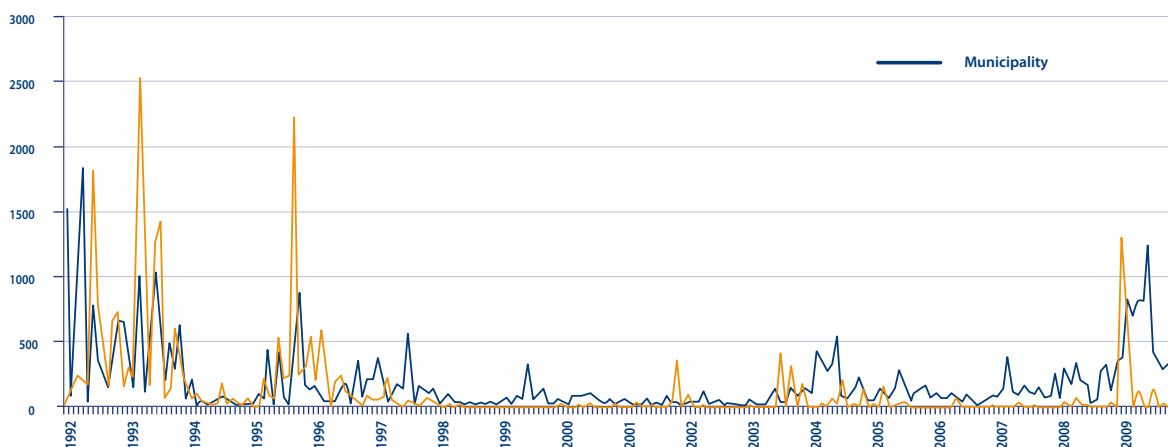
Figure 4. 3: Announcement of redundancies in Sweden compared to Municipalities and County Councils, 1992-2009



Source: Arbetsförmedlingen

However, as figure 4.3 shows the number of announced redundancies in Municipalities has increased substantially in the last two years as a result of the financial crisis of 2008. It is worth noting that the increase in announcement of redundancies did not affect the Municipality sector immediately, but with a time lag of about one year after the dramatic shifts in employment in 2008. This time lag is perhaps an effect of decreasing tax income due to the economic down turn and also the pressure on the social security system, due to higher unemployment levels.

Figure 4. 4: Announcement of redundancies in Municipalities and County Councils, 1992-2009



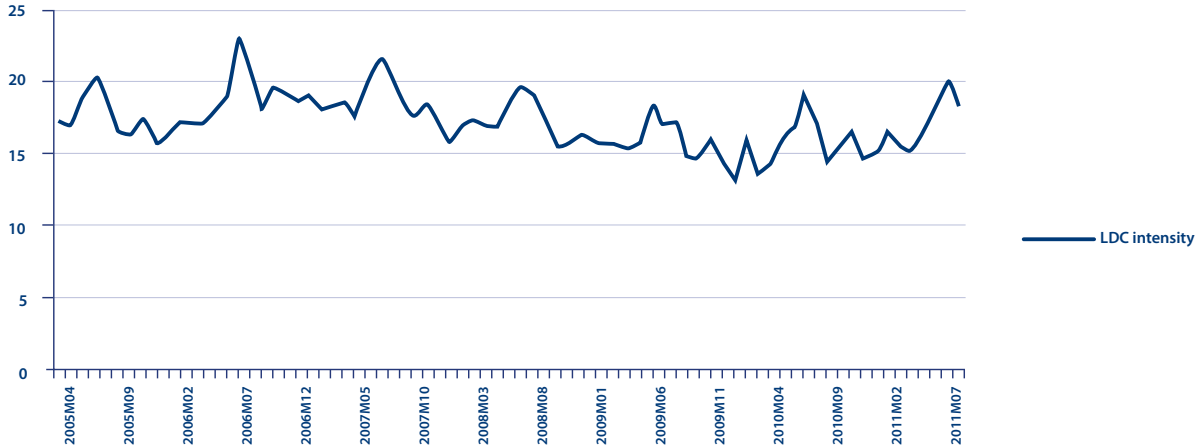
Source: Arbetsförmedlingen

Fixed term contracts, temporary workers and part time workers

Compared to other sectors in Sweden municipalities have developed other strategies to address short-term economic fluctuations, often including the use of workers on part-time, temporary or fixed-term contracts. As figure 4 shows, Swedish municipalities use a relatively high share of fixed-term contracts, compared to other sectors (usually around 15 %). The number of fixed term contract workers always peak during summer months, when permanent workers are on holiday. But there are also changes relating to business cycles or economic turbulence. As we can see in figure 4, when business cycles go down the share of fixed-term contracts go down. In January 2010 the share of fixed term contracts was down to 13 %, which is an all time low in the municipality sector. This is because employers in times of uncertainty do not prolong temporary contracts.

However, when business cycle returns, the share of fixed term contracts increases. This can be for two reasons, first, as a consequence of the reduction of permanent workers and, second, as a consequence of employers recruiting more workers on fixed term contracts, due to the uncertainty for employers to judge how permanent the upturn in economic cycle is. Another possible reason for changes in the use of fixed term contracts is related to budget periods and elections. This can be illustrated by the dramatic increase in the share of fixed term contracts in 2006 and 2010. In both cases there is a strong increase in the share of fixed term contracts the months before elections in September.²²

Figure 4. 5: Share of fixed-term contracts in Swedish Municipalities, 2005-2011



Source: SCB

Municipalities have traditionally used temporary workers and part-time workers as a way to deal with economic fluctuations and political uncertainties. The intensive use of fixed term contracts and part-time work in the municipality sector has also been extensively discussed among social partners. However, the conditions for managing restructuring in the Municipality sector are about to change in a way that makes the Municipalities increasingly similar to other sectors for two reasons:

²² There may be several reasons for the increasing use of fixed term contracts before elections. First, municipal employers may want to make sure that the quality of community services are maintained before the election. Second, because of the uncertainty regarding the future skills needs and budgets, employers are not willing to engage in long-term employment relationships.

1. The ageing workforce implies that there is an increasing need to invest in new competencies. But new categories of well educated and motivated employees are less likely to accept the part-time and temporary working conditions.
2. Increased focus on quality and more knowledge content in the interaction with citizens create the need for more investment in training of personnel, which in turn creates a need for more long-term employment relationships. How to keep, utilize and develop skilled employees within the sector will become more important.

Thus, there will be more pressure for employers in the municipality sector to manage restructuring in similar ways as in other sectors of the economy. However, while all other sectors in the Swedish economy are covered by collective agreements that provide transition services through, so called Job Security Councils, it is not until January 2012 that such transition services will be available for employees in the Municipality and county council sector. The case of the FRAM project in Örebro municipality illustrates the conditions for managing restructuring in Swedish municipalities.

4.4 Managing change within the Örebro municipality

FRAM was the name of a major reorganization project addressed to reorganising the Technical Service Department within the Örebro municipality that took place in 2008. The objective of the FRAM project was to streamline and develop the administration of the municipality and to free up resources to finance the development of activities and services aimed at citizens.

It was an ambitious, multi-purpose project:

- to save 150 million kronor in the public administration and spend this money on health, education and care.
- to create an efficient administration.
- to take money away from the administration in the technical sector and spend it on the soft sector, health and long-term care.
- to place the right skills at the right places, the correct administrative skills in the right positions.



THE FRAM-project²³

The FRAM-project was carried out in 2007-2009 affected all employees in the Örebro municipal administration. The objective was to streamline and develop the administration of the municipality and to free resources equivalent to approximately 150 million SEK to finance the development of activities and services directed to citizens. The mission included the reorganization and staffing of the Administration at all levels in the municipality.

The project was organized in several sub-projects that were to develop suggestions for how responsibilities and task were to be distributed and what skills were needed in the new organization. The first step was a Competence Mapping exercise. Competency mapping started in October 2007 and was completed in March 2008. 152 managers were trained and 586 employees were included in the mapping. The goal of competence mapping exercise was to produce a basis for decisions on staffing levels and competences. Competency mapping would also help to strengthen leadership and establish a long-term approach for skills development and competence shift in the organizations. Managers were educated and were offered coach support in the method to do skills assessments with high validity. The method also meant that the managers had a tool to support constructive, transparent and structured dialogues with employees.

The managers assessed about 600 employees in the competence mapping exercise. According to an internal evaluation the competence mapping exercise reached the goals. The majority of the managers felt that their leadership developed positively during the process. The evaluation showed that both managers and employees believe that they had sufficient information and assistance in the process in order to prepare for their talks. The lion share experienced the quality of the dialogue as good. The managers believed that assessments had been fair to 89.4% and employees estimated that the assessments were fair to 78.6%.

After the competence mapping exercise employees were to seek new jobs within the organization. However, about 30 employees were regarded as “not suitable”. They were still employed, but were to go through a competence development programme before they could seek new jobs within the municipality.

²³ Mellby, Elisabeth, (2001) FRAM – Örebro Kommuns stora omorganisation av administrativ personal – vad blev det av den?, SKTF avd 012, Örebro.

Månzon, L-G. (2011) Deltagare i FRAM-projekt kritiska i en utvärdering, in: Nerikes Allehanda, published the 14th of July 2011.

In total 36 employees were placed in the internal development programme. The programme was organized by the external outplacement agency Antenn. The internal development programme came to an end in August 2009.

After the closure of the programme two participants had found new jobs outside the municipality. 17 participants got new placements within the municipality, of which 14 got their new placement before the end date. The other 5 were given new placements in connection with the conclusion of the project. Three participants were going through occupational competence evaluation and 3 accepted severance pay. 5 participants were placed as temporary reinforcement and 5 were in June 2011 still awaiting placement. According to Antenn 20 of the 27 participants responded to their survey (those who got a new placement early were excluded). Of these 20, about 17 people claimed that they had gone through a significant change regarding their personal development, based on their own estimates on a scale of 1 to 10.

Örebro municipality's own evaluation of the project consists of a financial report and questions targeted to managers, and an employee survey on how they perceived the information regarding the project. The trade union organization SKTF also made an independent evaluation. The results of the evaluations differ. According to the municipality almost 80% of managers and employees felt that the assessments had been fair. According to SKTF satisfaction landed at 50 percent. According to a local newspaper, the difference could be explained by the different response rate. In the municipal evaluation only 250 of 586 employees responded. Among the managers only 92 of 152 responded.

Trade union intervention²⁴

Approximately 70% of the affected employees belonged to the trade union Vision. The union considered the reduction of personnel by 200 as completely unrealistic as it would affect all levels of the municipal public sector and have a severe impact on the smooth running of the administration, which would therefore result in the widespread dissatisfaction of the public at large. On the other hand, the centralisation of administrative functions was deemed a good idea as well as the avoidance of overlapping of the same administrative functions/tasks carried out at different levels in the municipality, which could hardly be justifiable on the basis of economic grounds. Tax-payers money needed to be used in a rational manner.

The competency assessment was well designed, but in some respects it was incorrectly implemented. There

²⁴ Based on the speech of Jan Andersson, chairman at the department of municipalities at the trade union Vision.

were some managers, not many, who used the opportunity to get rid of inconvenient co-workers. Nevertheless, the main union criticism centred on the creation of the development programme for those who did not have administrative jobs. They were forced to participate in a programme for one year in order, subsequently, to possibly get a job. The problem was that once there they felt very badly treated by their employers. In many cases they had worked for 20-30 years and were suddenly being told that they were not good enough.

It is not surprising, then, that the union worked hard for these members. In short, first of all by listening to those who felt they had received an unfair assessment; secondly, by managing to release 5 members from the programme; and thirdly, by negotiating severance payments for others who wanted to stop working in the municipality.

The main criticism was about the creation of the development programme. There were employees who did not have any administrative jobs. They had to participate in a program for one year and later they would possibly get a job. The problem was that they went there and felt very badly treated by the employer. Several had worked for 20-30 years and suddenly they hear that they are not good enough. Vision criticized that it should have been done in a different way: those employees should have received jobs and then should have been developed in the framework of these jobs.

There are many experiences and lessons learnt in this process. Vision helped their members working as a sounding board for them and listening to whom felt they had received an unfair assessment. The union also negotiated severance payments for some who wanted to stop working in the municipality.

Results

- Savings were much lower than planned: instead of 150 million SEK in savings, it was calculated only about 20 million were saved.
- According to Vision, the municipality did not reorganize the work in an economically irrational way. They had not matched the members of the development programme to jobs. However, they recruited external workers and therefore, when those assigned to programmes returned to the labour market there were no jobs left for them to apply to. There are still people today who do not have jobs.
- As a positive result, the municipality currently has a more efficient administration. The administrative procedures have become more efficient, and redundant processes have disappeared. The soft sector now receives greater resources.
- One of the aims focussed on the issue of generational change and the need to attract younger employees. One solution was to offer very generous severance payments to those who were close to retirement. For instance, 65-and-a-half-year-old got a severance pay for 22 months, which is a clear example of how eager the project was to retain younger workers.

4.5 Final remarks and proposals

During the workshop held in Örebro, other national experiences relevant to the public sector came under discussion. The situation and trends in other countries such as the United Kingdom, Spain, Denmark and Italy were commented on. As a result of the debates that took place, the following points were put forward:

1. Immediate and medium-term challenges for restructuring the public sector:

- Recent patterns observed in the evolution of the public sector in the majority of the member States (reduction of public budget, reduction and/or freezing of employees' and civil servants' salaries, unilateral moderation of labour conditions, etc) pose serious challenges for the future:
- A drop, in relative terms, in the number of public sector employees will endanger the provision of essential public services for a nation's citizens. This has already become clear in the cutting of services in certain countries such as Denmark (at local level, where responsibilities are focussed) and Spain, among other countries.
- This trend is, in turn, at odds with trends in those most widely accepted EU demographic projections. There will not be enough workers to meet the requirements of an aging populace, for instance. This gap makes one fear that we may come to witness the covert privatisation of public services and their transferral to private operators, with the subsequent commodification of citizen rights.
- One concern is the current trend of substituting collective bargaining and agreements with unilateral measures. The recourse to legislation, as seen in France, Italy or Spain in order to enforce new labour or salary conditions is at odds with the essence of collective bargaining in the public sector, and puts strain on the maintaining of mutual trust in the future.
- Budget cuts and the worsening of labour conditions affects the development of innovation in the public sector and, as such, compromises its quality and correct matching-up with the services that it should be providing citizens.
- Public sector restructuring is an incontrovertible fact and there is no point in trying to reinvent the wheel. Models and approaches exist for implementing restructuring in an efficient manner without turning everything upside down, and without importing supposedly innovative formulas from the private sector. For instance, the transferral of knowledge and experience can be better optimized from public sector senior managers to young managers and professionals.

2. The impact of public sector restructuring on YP&MS:

- The public sector model of civil servants enjoying high levels of job security as seen in certain member States is at odds with models found in other nations where the agency-type model prevails. In recent years,

it has been observed that the effects of the recession (reduction or freezing of salaries, low expectations for professional career) have led to a certain disaffection among young people with regards their professional future in the public sector, as a result of which many would like to return to the private sector. What the public sector has to offer, in professional terms, is seen as less and less attractive for young professionals. This may lead, in certain countries, to a recruitment problem in terms of young, qualified and valuable professionals.

- However, it has also been noted that, as a consequence of the recession, the opportunities for young professionals in the public sector may be greater than in the private sector, at least in certain countries.
- In short, the situation is contradictory: on the one hand, one effect of public sector restructuring is the trend towards a younger workforce, which apparently, and in theory, may prove positive for the YP&MS. However, in many member States the public sector entry terms have tightened considerably as a result of budget restrictions. This limits opportunities for professional development both for those wanting to join the public sector as well as for those who, already part of it, have witnessed the deterioration of their salary and labour conditions, included their very job security.
- Training policy for YP&MS in the public sector is often underwhelming: there are opportunities to train, but there is no job waiting for you when you finish your training. What is missing is a sustainable, long-term training policy which gives profession careers orientation based on qualification and experience gained.

3. Policies and measures to be explored and adopted by trade unions with YP&MS in mind.

- For one individual collective body such as that of those workers expressing high expectations for the progress of their professional careers, the recession may lead to greater levels of feelings of individualism, and to the autonomous and solitary management of competencies and professional career, all of which puts a distance between them and the collective actions of trade union organisations.
- It would be advisable to explore the possibility of establishing “Fast track schemes”, as in the UK, i.e. targeted schemes for young professionals to get training and to advance their careers. These schemes tend to a make sure they are recruited and retained in the public sector.
- The main challenge for the unions is to develop a specific policy for the YP&MS in the public sector. This policy will vary depending on the role of the public sector model in each country, the state of the labour market in general and, of course, trade union strategy. One added difficulty consists in adequately segmenting or differentiating what is *offered* to young professionals and management staff. In other words, this is a mixed group which may have different aspirations and need differing forms of assistance and services.
- Young graduates require a special form of reception, once they join the public sector, in order to ensure their continued loyalty. To ease integration in the workplace is an important task for the unions.
- There are various ways of reinforcing the involvement of young professionals and management staff in trade unions: to carry out networking between trade union members, facilitating the transference of knowledge,

developing integration plans for trainees, setting up monitoring systems, organising adequate training for each specific group, and in particular for management staff. The political will of the unions and the designation of resources are both necessary here.

- Involving young professionals in collective bargaining, even if they lack experience, is important. It helps to demonstrate that trust is being placed in them and, in particular, in areas related to the preparation of the management of change and restructuring.
- In any case, purely owing to the involvement it represents, it seems obvious that this is a strategy that should include the participation of union members, and not just limited to one service or department. It is important to activate union members in order to involve them in the appropriate treatment of Young professionals and graduates.

To be able to manage restructuring and change is increasingly important for municipalities. The on-going debt crisis means that in several European Member States there will be increased pressure to cut and reduce public spending. This will have important consequences for all public sector workers, on both national and local levels. In many member States governments have begun different cost cutting programmes and public sector workers are losing their jobs. Such pressures have particular consequences for the many young professionals and managers in the public sector and municipalities, not only because of the risk of losing their jobs, but also because may their role in leading and managing change. It is a well-known fact that uncertain conditions for managers create uncertainty and insecurity for their subordinates.



5. Young graduates and professionals in social research

The third seminar took place in Vienna and focussed on a relatively unknown sector of activity and which shares, in part, the same or similar problems that we saw earlier in the public sector. Social research, both public and private, is an essential area within the framework of research in the EU, and constitutes an important working tool for trade union organisation, many of which possess their own institutes for social and labour research, or have entered into agreements with institutions to provide them with their own studies.

The reference case focuses on the closure, in 2006, of IAT, a social research institute which used to be an agency of the regional government of Northrhine-Westfalia (NRW), in a symbolic move of 'cutting down on bureaucracy'. Thanks to employment protection regulated in public sector collective agreements, employees were not dismissed but transferred to a university together with their posts and budgets. Re-established as the university institute IAQ, the institute can no longer operate in the research market in its own responsibility but is subject to the rules, procedures and time frames of the university, a large organisation several hundred times the former size of IAT.

As a result of this restructuring process, internal constraints against flexibility and rapid response have considerably augmented, while external research markets are becoming increasingly competitive and short-term. Despite this paradox, IAQ has managed to develop successfully so far, but at the cost of increasing workloads, stress, uncertainties and ambiguities.

Other restructuring experience were presented during the workshop namely the situation of FORBA (Forschungs-und Beratungsstelle Arbeitswelt – Working Life Research Center, / Austria) an independent research institute specialising in social-science research on work and employment. In 2010 the Austrian ministry of science announced the cancellation of all basic funding for independent research institutes. In addition, FORBA will have to cope with cuts in public spending in research. Thus, FORBA has to adapt its strategy and organisational structure.

Other experiences analysed during the workshop were the situation of social research with regard to labour market issues in Spain through the Fundación 1º de Mayo, a research Institute (non profit organization) created

in 1988 by the Spanish trade union Confederación Sindical de Comisiones Obreras, as well as a survey developed during 2010-2011 by the Italian Institute for Economic and Social Research (IRES) and the trade union CGIL on working conditions of knowledge professionals.

5.1 Context: the former Institut Arbeit und Technik²⁵

The *Institut Arbeit und Technik* (Work and Technology Institute – IAT) was established in 1988 by the regional government of Northrhine-Westfalia (NRW). Its declared purpose was to support structural change and modernisation in the federal state of NRW and especially the Ruhr district, Germany's erstwhile industrial heartland, an agglomeration north-easterly of Cologne with then still 5.5 million inhabitants. The climax of the steel crisis, with closures coinciding in several Ruhr locations in 1987 and with the steel workers of *Duisburg-Rheinhausen* blocking the Autobahn bridge over the Rhine, forms the industrial backdrop to this decision.

Its political context was the eventual marginalisation of the Federal programme 'Quality of Work' (*Humanisierung des Arbeitslebens*), which had been launched in 1974 by a Social Democratic / Liberal government. After a Conservative / Liberal government had taken over at federal level in 1982, the Social Democratic government of NRW created its own programme 'Socially Sustainable Technology Design' in 1985. Simultaneously, in the inaugural address of the new regional government in June 1985, the creation of a 'Work and Technology Institute' and an 'Institute for Cultural Studies' as the beginnings of a Science Centre NRW were envisaged. Except for the Science Centre, these new institutes were not to be located in Düsseldorf, NRW's capital, but dispersed as assistance to cities hit hard by structural change.

IAT was earmarked for Gelsenkirchen, a former factory boomtown hit particularly hard by deindustrialisation, located in the centre of the Ruhr district adjacent to the better-known city of Essen, which at that time still had about 300,000 inhabitants.

At that time, there was a conviction, shared by policy makers across political party lines, which held that applied research, supposed to promote societal and organisational change by liaising with actors in firms and regions and in consensus with the social partners, could be done better from without the university ivory tower. Throughout Western Germany, 'independent' and specialised research organisations were set up by regional governments. They were different not only from universities but also from traditional governmental research departments in that they enjoyed a more or less independent status sought to guarantee either by incorporation in private law with multifaceted boards or by statutes and governance structures that would ensure an equivalent status under public law.

²⁵ This chapter is deeply based on the report drafted by Matthias Knuth within the context of this project

The original plans for IAT envisaged eight research departments. But then, during the recruitment process of the first generation of IAT staff, unexpected developments limited the size of the operation: the Berlin Wall fell, and much sooner than expected, first the currency and then the polity of the two Germanys were united. East German industry was cut off from its traditional Eastern markets, and huge amounts of financial transfers from West to East were needed to mitigate the social consequences and to restore East Germany's derelict cities and infrastructure. Consequently, IAT started with four departments instead of eight.

The names of these departments reflect IAT's research agenda:

1. Industrial Development (including regional development, industrial clusters)
2. Production Systems (work organisation, working conditions)
3. Service Systems (development of the service sector)
4. Labour Market (including labour market policies, labour market regulation, empirical studies on working time and its regulation through collective bargaining).

Budget development

IAT started with an annual budget allocated by the regional government equivalent to 1.8 million Euros in 1989 which grew to an equivalent of 3 million Euros in 1995 (Knuth 1996) but gradually fell to 2.3 million in 2006. However, IAT's success in the research market developed from zero in the beginning to 2.6 million Euros in 2004. Whereas most of the researchers hired in posts funded by the annual budget were hired on open-ended contracts, all the contracts based on research grants and projects had to be fixed-term. Consequently, fixed-term contracts soon outnumbered permanent contracts. In mid-2005, and expressed in full-time equivalents, there were 18.5 permanent and 24.5 'temporary' researchers (Bleckmann 2005). Compared to average ratios in higher education and research, this was still a quite privileged situation.

Governance

The legal employer of IAT staff was the government of NRW. However, as an agency of this government, IAT was a largely autonomous organisation: Only the hiring of the Heads of Departments depended on approval by the ministry in charge²⁶; otherwise the director (called 'President') of IAT was free in his decisions (of course within the framework of laws and collective agreements), and IAT staff elected their own employee representation (*Personalrat*) according to the applicable law for the public service in NRW (*Personalvertretungsgesetz*

²⁶ Over the years, departmental responsibility changed several times: from the Ministry for Labour, Health and Social Affairs to the Minister President's Office, and later to the Ministry for Higher Education, Research and Technology.

NRW).²⁷ The applicable collective agreement was the same as for the whole German public sector,²⁸ and thus also the same as for universities.

With regard to its general research programme, IAT consulted with its Advisory Board meeting twice a year, to which it also presented its performance records. The Advisory Board was comprised of representatives of several ministries of the regional government (Labour, Economy, Education, and the Minister President's Office), representatives of the social partners, and individuals representing the national and international scientific community in fields related to IAT's research agenda. Even though the Advisory Board had no power of decision, its composition symbolised how IAT was embedded in society.

5.2 The closure of the IAT at the end of 2006

After almost 40 years of NRW governments led by Social Democrats, a Christian/Liberal coalition won regional elections in the spring of 2005 with a programme in which they promised to 'cut down on bureaucracy'.

"Concerning the Land's establishments, institutes and agencies we will investigate whether their existence continues to be necessary or whether their privatisation is possible." (CDU; FDP 2005)

Though IAT was one of the Land's institutes, there was not much alarm in IAT then since so many of the plans in the coalition agreement seemed unrealistic and simply paying lip-service to the ideological preferences of the Liberal coalition partner. However, in December 2005 the leaders of eight institutes answerable to the ministry for Higher Education, Research and Technology, led by a Liberal minister, were informed that their organisations were going to be dissolved by the end of 2006. Taken together, some 400 permanent jobs were to be affected – temporary jobs funded from sources outside the Land's personnel budget were not the government's concern.

Soon it became clear that most of those employed on permanent contracts could not be dismissed, even on the grounds of restructuring (*betriebsbedingte Kündigung*), because they had been employed for at least 15 years and therefore enjoyed an employment guarantee by virtue of the public sector collective agreement. Those on fixed-term contracts could not be dismissed before the end of their term, which in many cases extended beyond the end of 2006. The institute had research contracts extending beyond 2006, but how were they going to be fulfilled if the producing organisation was to be disrupted? And would there be a possibility

27 Whereas the legal framework for employee representation in private firms is universal throughout Germany, the federal states legislate their own (though rather similar) laws for their own public sector.

28 Only from November, 2006, the Länder (the 16 federal states) broke away and since then have their own negotiations and agreements, slightly different from those applicable in the federal government and its agencies, and in the municipalities.

to apply for new grants or bid for new tenders, or would the institute simply wind up on-going projects and then disappear?

Solutions for survival discussed

As early as January, 2006, the ministry aired the idea of incorporating the institutes concerned into near-by universities. However, there was still the intention to cut about half of the posts by 2010, and, as far as the incumbents were still not retired by then, to cut the general university budgets accordingly. Obviously, such a 'deal' could not be attractive to any university concerned.

As a result of the lack of procedural transparency and even that of the decision's strategic end goal, the process of "assigning" IAT to the University was long and complex. And nor was it a stranger to rivalries between the university centres (Universities and Polytechnics).

After several weeks of shuffling of feet, it became clear at the beginning of May 2006, that there would be no alternative to dividing the institute into two parts. About half of the permanent posts were to be transferred to the University of Duisburg-Essen, the other half to Gelsenkirchen Polytechnic. Both would inherit about the same number of permanent posts, and the respective budgets (plus proportionate non-personnel-budgets) would be permanently transferred to the two institutions. In the end, the division was not entirely equal: "Duisburg" got only 42 per cent of the total staff volume, but with a higher proportion of researchers. These, in turn, took with them 62 per cent of the volume in research contracts and grants (1.26 million Euros in 2006) plus the 'young' researchers employed in these projects on fixed-term contracts. Those on fixed-term contracts had little choice but to follow their projects; otherwise there would have been no funding for their employment to be continued.

During the heated months of May and June, 2006, there were several staff meetings in which the respective rectors and chancellors²⁹ of the two institutions concerned tried to spell out, still under uncertainty, their visions and conditions for continuing part of IAT's work within their organisation. These high-ranking representatives of the University and the Polytechnic wanted voluntary decisions of employees for either one, and they were window-dressing in order to attract research potential. Simultaneously, they were negotiating the details of the take-over with the Ministry, and within the University of Duisburg-Essen, the Dean of the Faculty of Social Sciences was negotiating with the rector of the University. In these days, many promises were made which afterwards no one could precisely remember.

While the representatives of the receiving organisations were discussing how the institute was to be split up, employees were not yet prepared to accept this. They were requesting plans and discussing scenarios how the

²⁹ According to NRW university legislation, the rector is the elected academic representative of a university, while the chancellor is head of the university administration and as such responsible for financial matters and human resources.

institute could continue to operate as a whole, and arousing hopes for this was part of the universities' advertising strategies. There was no one in a position to control or moderate this process, and no one was to be fully trusted.³⁰

The role of the trade unions

Although IAT had always co-operated closely with the social partners, these felt unable to defend the institute's status. The new Christian / Liberal government had no open ear for interventions from the regional Trade Union Confederation (DGB). Some letters of protest and support were written, but it was clear from the outset that this would not have any effect.

There was a staff meeting with ver.di, the United Service Union, which was responsible for organising at IAT where legal information was provided although the responsible was not able to give useful orientation on strategy and on how to deal with restructuring in the public sector.

5.3 The split-up of the institute

From July, 2006, it was clear that from January 1, 2007, there would be two institutes instead of one. One institute would be part of Gelsenkirchen Polytechnic, and the other would be incorporated into the University of Duisburg-Essen. Both should inherit about the same number of permanent posts, and the respective budgets (plus proportionate non-personnel-budgets) would be permanently transferred to the two institutions. The Gelsenkirchen part of the institute was to remain permanently in Gelsenkirchen, whereas the other part was to move to Duisburg eventually. The staff selection process for one or the other institution was to be voluntary. No one was dismissed in the course of this restructuring, and no one was dismissed later.

The voluntary selection process had predictable outcomes: Non-academic staff tended to stay in Gelsenkirchen, especially those who resided there. The President was to stay in Gelsenkirchen and remain President of the institute there, whereas the Vice President was to become the Director of the other new institute bound for Duisburg. Choices of the academic staff were influenced by their working and personal relations with either of the two leaders plus their assessment of career prospects and status in a university as compared to a polytechnic. However, those on fixed-term contracts had little choice but to follow their projects; otherwise there would have been no funding for their employment to be continued. In the end, the division was not completely equal: "Duisburg" got only 42 per cent of the total staff volume, but with a higher proportion of researchers. These, in turn, took with them 62 per cent of the volume in research contracts and grants (1.26 million Euros in 2006) plus the 'young' researchers employed in these projects on fixed-term contracts.

³⁰ Possibly, this 'hands-off' strategy also reflected the responsible minister's philosophy as a former professor of business administration who had written his PhD thesis on 'Chaos and Corporate Crisis' Pinkwart 1992.

As a result of this self-selection, four out of IAT's six research groups were to be incorporated into the University of Duisburg-Essen whereas the part to be attached to Gelsenkirchen Polytechnic had to start with only two (which they later expanded). The part remaining in Gelsenkirchen claimed the old name, IAT, which was left to them with little discussion because the 'branding' question appeared marginal in comparison to so many other problems.

The part bound for Duisburg (though actually also staying in the same building in Gelsenkirchen for more than two years) adopted as its new name "*Institut Arbeit und Qualifikation*" (IAQ – Institute for Work, Skills and Training) and was set up with four research departments:

1. Learning and Education under Conditions of Structural Change
2. Working Time and Work Organisation
3. Flexibility and Security
4. Evolution of Employment Systems (renamed, as of 2011, "Employment – Inclusion – Mobility").

These four departments were to be operated with only 7.5 permanent research posts (plus that of the director), less than two per department, including department heads.

IAT's library services were disbanded, most of the books were trashed, and the IT system was split up. For two years and three months, the two parties of the forced divorce cohabited in one building, until finally IAQ moved to the Duisburg campus in spring, 2009.

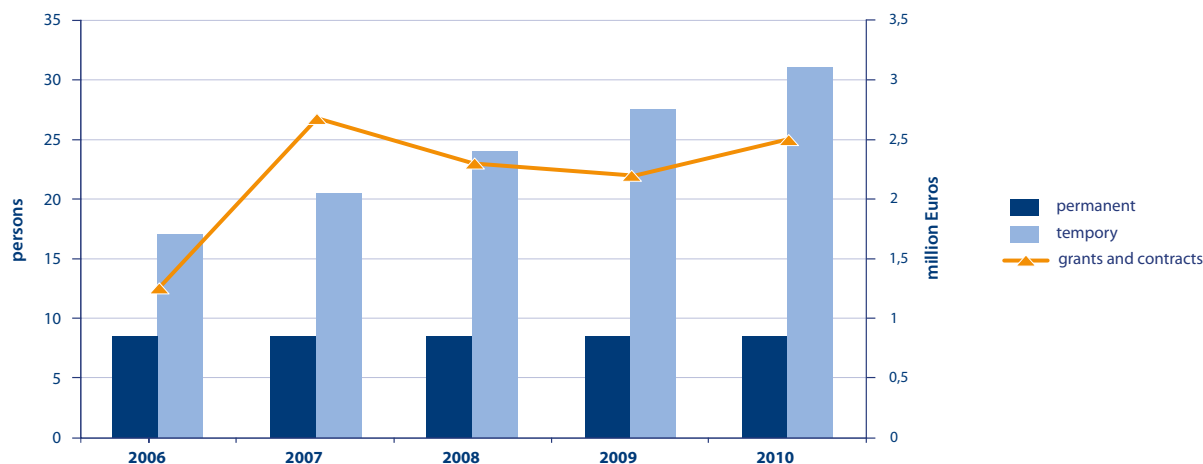
Incorporation of IAQ into the University of Duisburg-Essen

IAQ is now an institute within the Faculty of Social Sciences of the University of Duisburg-Essen. This faculty is now made up of two teaching units (Institute for Political Science and Institute for Sociology) and two research units (Institute for Development and Peace – INEF –, and IAQ), and it participates in the interdisciplinary Institute of East Asian Studies (IN-EAST). Academic and non-academic staff working in IAQ are defined as its 'members'; the Dean of the Faculty of Social Sciences is automatically a member of both the institute and its board. Professors and researchers from all faculties can be accepted as members upon application if they are engaged in research in fields related to those of IAQ. The three categories of members (professors, non-professorial researchers, and non-academic staff) each elect their representatives to IAQ's board made up of four professors plus the dean, three researchers and one non-academic. The majority thus guaranteed to professors is mandatory under German university legislation. For terms of two years, the board appoints from among its members the Managing Director, who must be a professor, and the Deputy Managing Director who may be a non-professorial researcher. The board discusses IAQ's research agenda and its annual performance records. The purely academic composition of the board contrasts sharply with the erstwhile board of IAT (see before).

Recent developments

IAQ started in 2006 with full-time equivalents of 7.5 permanent (plus the Director) and 17 'temporary' researchers employed on research contracts and grants amounting to 1.26 million Euros for the year. This volume grew to 2.68 million in 2007, but then gradually declined again to 2.3 million in 2008 and 2.2 million in 2009, growing again to 2.5 million in 2010. IAQ entered the year of 2011 with around 40 researchers, including part-timers between 30 and 90 per cent of regular hours.

Figure 5.1 : IAQ's quantitative development in terms of staff and third-party research funding



Source: IAQ annual reports; own calculations

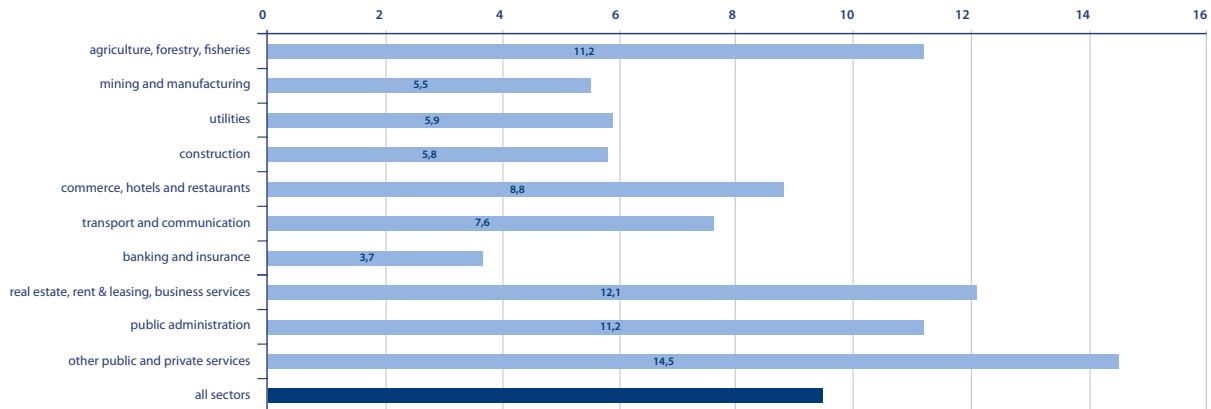
In order to stabilise the workforce, the 7.5 full-time equivalents in permanent jobs have been spread out to a slightly larger number of persons, creating combinations of permanent part-time contracts with flexible complements of revolving fixed-term contracts for 'core' researchers. As a new phenomenon, several experienced researchers left IAQ in 2011 for open-ended jobs outside research even though existing research contracts gave them sufficient opportunities for renewing their employment contracts. Among possible explanations, lack of career prospects in research is a promising candidate. Every time an open ended contract is allotted to someone, even if it is only part-time, other candidates' aspirations are frustrated which makes them reassess their career outlooks.

5.4 Structural problems of research based on third-party funding

The public and para-public sectors as drivers in fixed-term employment

In Germany, an increasing proportion of public sector employees is employed for limited periods on 'projects' or as replacements for permanent employees on leave or secondment. With regard to the stock of employment contracts, fixed-term employment in public administrations is markedly above the level of the economy as a whole, and 'other public and private services' (which includes education and research) is the leading sector in this respect. Direct job creation programmes which are only applicable to jobs 'in the public interest' may contribute somewhat to this picture, both in the public service proper and in non-profit social services, but they alone are not of a magnitude that could explain this effect.

Figure 5.2: Shares of fixed-term employment in the stock of employment contracts, 2009, apprentices excluded, by sector



Source: Statistisches Bundesamt 2010, own calculations

Breaking down the same source by levels of vocational or academic attainment is equally revealing: The highest share of fixed-term contracts is found among academics.³¹

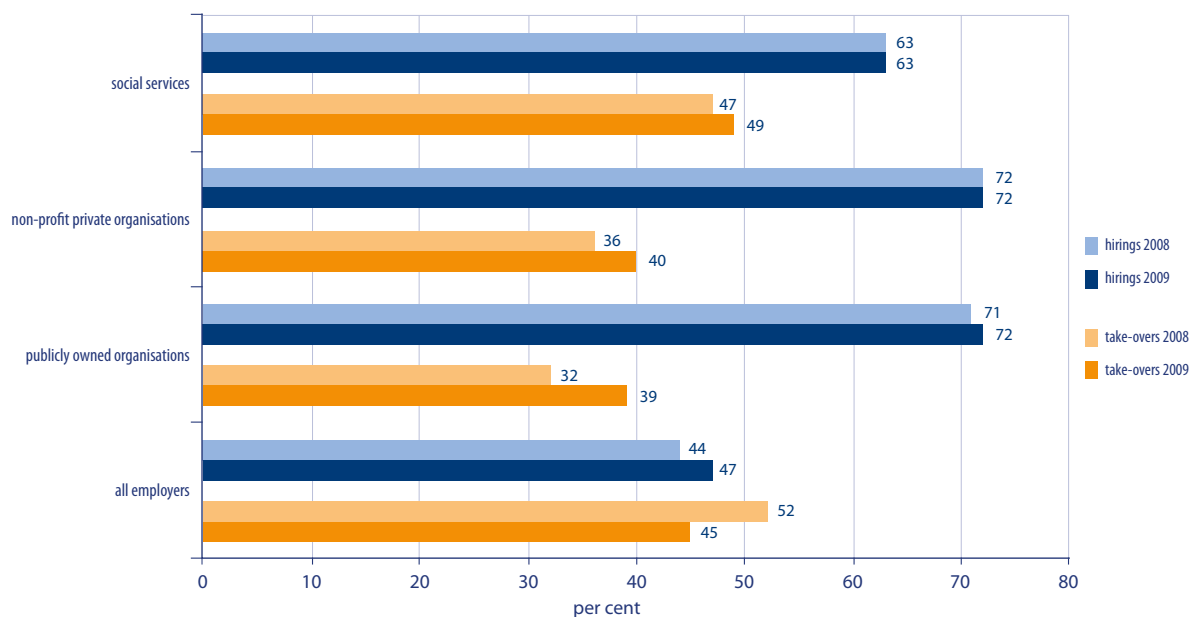
³¹ See also Gebel 2009, S. 240, where the highest share is found in the occupational class of "higher service". Increases over time, however, are stronger in the other classes – in other words the situation focussed on here has been persistent for quite a long time.

Table 5.1: Shares of fixed-term employment in the stock of employment contracts, 2009, by highest level of vocational or academic attainment, 2009

Vocational/academic level	percentage
apprenticeship completed	8.1
master craftsmen, technicians, college degree	6.2
degree from polytechnic	6.7
university degree / PhD	12.6
<i>all respondents with known level of attainment</i>	8.3

Source: Statistisches Bundesamt 2010, own calculations by Matthias Knuth

Figure 5.3 : Percentages of fixed-term contract in new hirings and percentages of permanent take-overs after expiration of fixed-term contracts, 2008 and 2009, selected sectors



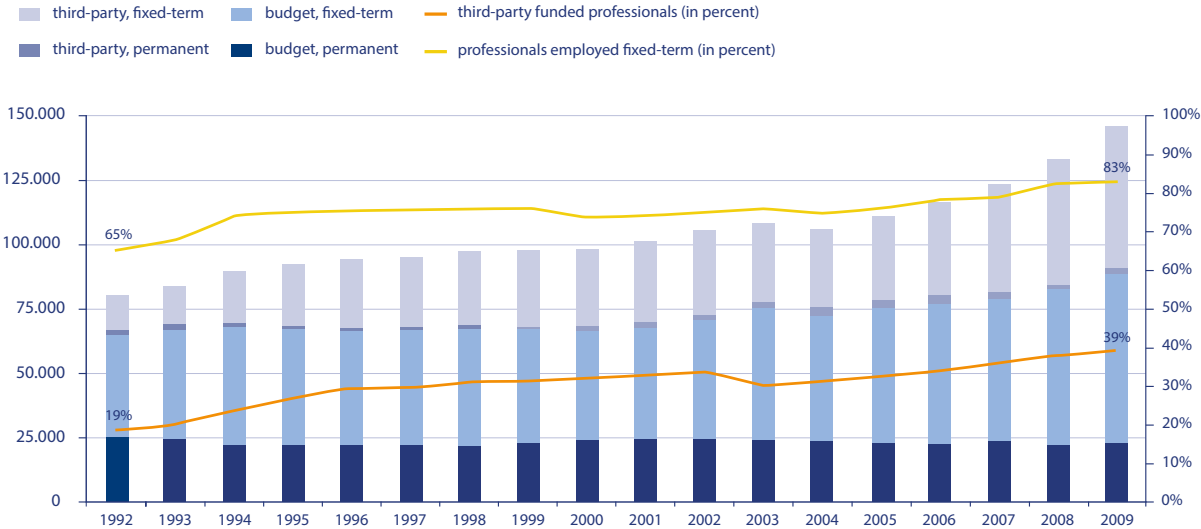
Source: Hohendanner 2010

In a dynamic perspective, fixed-term contracts are very important in newly hired employees. Whereas employers as a whole still hire slightly more than half of their new recruits on open-ended contracts, the balance is reversed in the public sector, in non-profit organisations and in social services. As far as fixed-term contracts are used as a prolonged probation period, one should expect considerable percentages of employees that started on a fixed-term contract to be taken over permanently when the first contract expires. This is indeed the case for about half of the fixed-term contracts in general; however, in the public sector and in non-profit organisations, permanent take-overs are much less likely. This does not necessarily mean that people have to leave after their contract expires; frequently, another fixed-term contract will follow it.

5.5 Universities as forerunners in precarious employment

In addition to the general regulation of fixed-term employment contracts, special regulations apply to universities and public research bodies (see below). After the amendment of these rules in 2007, their effect was evaluated (Jongmanns 2011).

Figure 5.3 : Sources of funding and forms of contracts of professionals in universities



Source: Jongmanns 2011

83% of non-professorial academic staff in institutions of higher learning (universities, polytechnics) and in public research organisations were employed on fixed-term contracts in 2009. This percentage has risen together with, but even beyond the expansion of third-party funding, since also jobs funded from the universities' permanent budget are increasingly filled via rotating fixed-term contracts. While both universities' permanent budgets and third-party funding have grown and, taken together, almost doubled, permanent employment in universities has declined. A great part of the increasing numbers of fixed-term contracts is very short-term, i.e. with durations below 1 year.

Table 5.2 Conditions of employment in higher education and public research

		Institutions of higher education	Public research institutes outside institutions of higher education
duration of fixed-term contracts	< 1 year	53 per cent	50 per cent
	1 year to <2 years	36 per cent	33 per cent
	2 years and more	11 per cent	18 per cent
	average duration of contract *	12.3 months	n.a.
"satisfied with job security"		27 per cent	33 per cent
"reliable career prospects"		12 per cent	20 per cent
no children, > 30 years old		73 per cent	64 per cent

Source: Jongmanns 2011

* This is probably the average duration stipulated in the current contract – actual duration may be even shorter insofar as often ongoing contracts are replaced by new contracts before they expire.

5.6 Absurd rules for human resource management in public research

Different implications of fixed-term contracts for HR management in private and in public organisations

By default, an employment contract in Germany is open-ended. This entails some legal employment protection which becomes stronger over time. In the private sector, such employment protection does not work as an absolute but a procedural one: rules for selection, due causes to be specified, hearing of the employee's representatives, recourse to a labour court, possibly a damage payment in return for the settlement of the

case without sentence. Employment relations in the German public sector, however, are still largely shaped by the legacy of employing life-time civil servants, and public institutions of higher education are subjected to the same rules. Actually, in higher education, only tenured professors, very few tenured lecturers and around 20 per cent of administrative and technical staff enjoy civil servant status. However, like in other public sector organisations, the pattern of life-time employment was extended by collective agreement, custom and practice to waged and salaried employees if they have permanent contracts. Since life-time employment is still the organisational norm (though extremely far from being the empirical norm, redundancy procedures and practices are lacking. Cameralistic rules of budget management forbid the accumulation of reserves which could be earmarked for eventual separation costs (court procedures, damage payments). Public human resource management is based on the principles that dismissals cannot be managed and that therefore flexibility has to be maintained solely by limiting the share of open-ended employment contracts. Empirically, dismissals (terminations by the employer) are almost nil in public sector organisations covered by collective agreements and having an elected employee representation (Ellguth, Kohaut 2011).

German regulation of fixed-term contracts is torn between the contradicting goals of facilitating them as a means of flexibility and of containing them by restricting the conditions under which they are justified. Fixed-term contracts found not to be justified in a labour court procedure are considered to be open-ended contracts from the beginning. For a private employer, this is a manageable risk: A possible legal success can be transformed into a negotiated severance payment, or there is actually productive use for the worker, or there will be ample occasion to dismiss him or her later or bully him out. For a public employer, such a court ruling is a disaster: You get a life-time employee who is frustrated and possibly hostile, flexibility of deployment is much more limited by legally defined job categories and career tracks, and no budget is foreseen for buying someone out. Because of this difference in circumstances, the divide between permanent and 'temporary' employees is more incisive in the public than in the private sector. Whereas the private employer manages a revolving, cyclically fluctuating and slowly growing minority of temporary staff as a flexibility buffer and recruitment pool for permanent employment, the public employer finds himself in a position of defending his rationed resources of permanent posts against being seized, unexpectedly and beyond the regular procedures of recruitment and promotion, by someone from the crowd of the 'temps'. For the 'temporary' employees, this implies a status of 'permanent temporality'. The protective mechanisms that ostensibly limit the proliferation of fixed-term employment tend to turn against those they pretend to protect. Clearly, in the setting of higher education and research where the overwhelming majority of jobs is designed to be fixed-term, the principal issue is no longer one of getting a permanent or a fixed-term contract but rather whether one qualifies, under the 'protective' regulations and particular circumstances of the job to be done, for fixed-term employment or not. If you do not, someone else will get the job.

Regulation of fixed-term contracts in higher education and research

Regarding the rules designed to contain fixed-term employment, there are general ones applying to all employers, and there are additional ones applying only to universities and other public academic organisations.



General rules regarding fixed-term contracts (selected and simplified)

Fixed-term contracts between identical parties are unrestricted for a maximum duration of two years. Within this period, up to three successive contracts are allowed.

Beyond the two-year period, fixed-term contracts are legally valid only if there is legitimate justification. Causes that justify such contracts are, among others:

1. *employment for tasks of limited duration;*
2. *replacement of other workers temporarily absent;*
3. *employment based on a temporary budget earmarked for an employment on fixed term.*

(Law on part-time and fixed-term employment – Teilzeit- und Befristungsgesetz, paragraphs 14 and a5)

Special rules regarding fixed-term contracts in higher education and research (selected and simplified):

1. *Post-graduates who have not yet completed their PhD may be employed on fixed-term contracts for a maximum of six years. Neither the number of successive contracts nor the calendrical length of time in which a perforated succession of contracts may fall are limited. However, any fixed-term employment in higher education and research counts – applicability of fixed-term employment cannot be renewed by changing employers within the sector.*
2. *After completion of a PhD, another six-year-period opens up. If a PhD was obtained in less than six years, remaining time from the first period is added to the second. However, in establishing time needed for the PhD, not only times of employment but also times without employment (i.e. on scholarships) are taken into account.*
3. *Fixed-term employment is also permitted if it is predominantly financed from earmarked and time-limited external funding under the condition that the employee is predominantly employed to fulfil the purpose of this funding.*

The latter clause echoes the general rules, lit. 3, with some additional flexibility: some funding from permanent sources may be added without derogating the justification of the time limit, and some general and permanent tasks may be performed alongside with the tasks arising from the earmarked grant or research contract.

(Law on fixed-term employment in universities and public research – Wissenschaftszeitvertragsgesetz

According to these rules, fixed-term contracts in universities or public research institutes may be based on, alternatively:

1. the general *carte blanche* regulation for new hiring within the first two years;
2. the career-specific regulations for academic staff for a maximum of 12 years, however shortened to 6 years for researchers who already have completed their PhD before they were hired or who never succeed in getting PhD – previous contracts based on rule (1) will be included in the count unless these contracts were completed before attaining one's first academic degree;
3. the 'legitimate justification' regulation which will be mostly based on time-limited dedicated funding ('projects').

In the course of a research career, after a maximum duration of 12 years, the most restrictive regulations of type (3) apply, and changing employers will only restore applicability of type (1) for two years and lead into type (3) again afterwards. Researchers only eligible for type (3) cannot be employed at all, unless dedicated and time-limited external funding is available. As research institute like IAQ relying on long-term experience of its researchers and on their sustained availability has to manage large proportions of its staff under the restrictive rules of type (3).

Practical problems in managing human resources under the regulations of fixed-term contracts

Though this may sound difficult enough, there are further restrictions to be observed. Persons' salaries will increase with length of service, no matter whether their contract is permanent or fixed-term and regardless whether seniority was acquired in one long fixed-term contract or in a succession of many. However, if employment is interrupted for a period longer than 12 months, seniority will be lost. Even if the occasion should arise to rehire this person, he or she will start again with a lower salary.

So how does a project manager keep her or his team of experienced researchers on board on the basis of a continuous succession of fixed-term contracts? Imagine one of these contracts is coming to an end and there is no new project to replace it – what do you do?

5. You have an on-going project which is not yet fully booked with employment contracts. There is a task of limited duration in this project for which the would-be redundant researcher is perfectly suited. Can you secure employment by assigning him or her temporarily to this project? – If the task in question does not extend to the very end of the project, this is only possible if the duration of the task and its positioning in calendar time is exactly defined in the research contract or in the proposal to which the research contract refers. Since projects do not normally unfold exactly as planned, this is rarely the case. Consequently, legitimate justification for exactly this timing of the fixed term is lacking, and the contract will be flawed.

Alternatively, if you want to assign the person threatened by redundancy to the project in question until its very end, this is, of course, only possible as far as the remaining budget permits. If 'stretching' the remaining budget makes you end up with a part-time contract below 50 per cent of normal working time, yielding a net income of no more than unemployment benefits, this does not really make much sense, neither for the person concerned nor for the efficiency of the work.

You have saved money on a previous and finished research contract by managing it very efficiently – can you secure employment for your would-be redundant senior researcher on these grounds? – No, you can't, because you lack justification for concluding a fixed-term contract. The project that once gave justification is finished; the financial resources you managed to save, even though they are limited, do not yield such a justification because they are not earmarked externally to be spent within a certain period in time. You may only use this money for employing beginners to whom the *carte blanche* regulation still applies, or for supplementing the contract of an experienced researcher for whom you already have a small project justifying his or her temporary employment – but having such a justifying project is the principal problem in the first place.

What happens when the end of an employment contract is drawing near?

For the legal reasons explained above, the end of a fixed-term contract will coincide with the end of a project. Researchers employed on that project will be working towards the project's deadline in order to get the final report submitted in time. Simultaneously, they will be working to get a new project, by writing applications and responding to calls for tender. In this tense situation, people have to register as jobseekers three months in advance of the end of their contract because otherwise, if they should actually become unemployed, unemployment benefits will be withheld for a sanction period. In some cases, this is a mere formality; in other cases, jobcentres will conclude a 'back-to-work' agreement in which these 'jobseekers' are required to write a prescribed number of job applications per week. At the same time, the University HR administration will request them to take their remaining paid leave because the University is not prepared to compensate paid leave not utilised in cash. In other words, while the team the researcher is working with is ever more intensely oriented toward securing the job – getting the report in progress right and finding a new contract or grant – external actors are drawing them away from their job – holidays and job search.

What happens after one fixed-term contract has been superseded by a new fixed-term contract?

Under the 'legitimate justification' clause (type 3), the researcher will not be allowed to present results of the previous project in contexts that cannot be framed as 'further academic qualification' (as would be the case with academic conferences). Speaking at a practitioners' conference organised by the principal of the previous research contract, i.e. a federal or regional ministry, might be considered by a labour court as continuing to work on the project, which therefore has not really ended simultaneously with the employment contract, which would then abrogate the justification for putting a time limit on that contract. Therefore, the university

administration will not give permission for travelling to such an event. As reasonable as this may be considered from their point of view, it is obviously disruptive for the development of professional attitudes among the research staff.

Impacts of contingent employment on researchers' agency

With regard to the employment relationship alone, one might contend that the succession of fixed-term contracts is nothing but a peripheral nuisance: actually, in retrospect, researchers are employed quite durably on a succession of fixed-term contracts, and it is a matter of personal mental stability to simply ignore the hassle associated with the periodic renewal of contracts. However, it is not as simple as that. Banks will take the temporal nature of one's employment contract serious, and so researchers and professional university staff find it hard to get loans to buy a house. This applies, in particular, where both partners are in the same contingent status, which is often the case. This is an example where contingent status is not only a psychological burden but has real consequences in life.



The making of the research market in Europe

According to EU Directive 2004/18 “on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts”, research commissioned by public authorities is a service falling under the rules of the Directive, and the legal entity doing the research becomes a service provider. Even where German authorities do publish the results of the research, they do not normally make use of the exception of Article 16 lit. f), according to which the Directive would only apply to such research and development services “where the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs”. Consequently, if the expected value is equal or greater than currently 125,000 Euros (thresholds amended by Commission Regulation no. 1177/2009), German federal authorities will make use of public tendering in the various forms prescribed by the Directive and transposed in national legislation. The timing of such calls for tender gives the impression that quite often the responsible ministry officials manage finish the tendering documents only in the rush-up before their summer vacation or Christmas break, setting deadlines until they return. For the researcher wanting to meet this deadline this implies that there are no holidays or breaks.

In order to comply with the rules for transparency of tendering decisions, there is a tendency towards ever more concrete task descriptions in the tendering documents, aiming at making the bids received as closely comparable as possible. These concrete tendering descriptions often contain deadlines for interim and final reports which are written into model contracts to which the tenderer has to subscribe.

Through to Community Framework for State Aid for Research and Development and Innovation (2006/C 323/01) universities and public research institutes, irrespective of their legal form, have been obliged to calculate overhead costs for research services as far as they are economic activities supplied in a market. Legal entities like universities conducting both non-economic activities (like teaching financed from state budgets) and economic activities (like commissioned research irrespective of whether the contractor is a public authority) must establish a calculation separating the indirect costs for both activities in order to avoid subsidising economic activities from non-economic budgets. In conjunction with the compulsory calculation of a 'profit' on competitive bids, this is to ensure fair competition between public research bodies and commercial research enterprises.

Like most German universities, the university of Duisburg-Essen has waited as long as permitted before introducing the new rules for calculating bids taking effect as of January 1, 2011. Compared to other universities, Duisburg-Essen acted quite in favour for social research by calculating overheads separately for the social and economic sciences and the humanities on the one side, the natural sciences and engineering sciences with their higher technical requirements, arriving at overheads of 67 per cent for the social sciences. Still, together with 2 per cent profit margin, this would make bids abruptly more expensive by 69 per cent on a *ceteris paribus* basis. Since it seems unlikely that 'the market' will accept such a sudden rise, concessions have to be made which imply that research personnel budgets are becoming even tighter than before. In the medium term, again favourably for research, the university will only keep part of the overheads and funnel the larger part back to the research units for their infrastructure. Even so, the new rules of the game imply that part of the money earned in the research market is no longer available for research and that the return flows may not be spent on the project in question.

Given the problems of producing justifications for fixed-term contracts, it will be impossible in many cases to transform the return flows into employment at all. So again, researchers will be earning money in the research market that will not be available for covering their own wage costs. Even within a fully public and non-profit structure, research workers will be subjected to 'exploitation' in the sense that a good part of the economic value of their work will be expropriated. This is the result of European market making, obliging public and non-profit organisations to behave like 'undertakings'.

5.7 Final remarks and proposals

The conclusions to be reached from this case study in terms of the problems faced by social research and the working conditions of social researchers, both public and private, in the EU, are entirely applicable to young researchers. Young graduates suffer the negative effects of labour flexibility and fixed-term contracts, as well as the lack of professional stability and career prospects.

1. The case analysed is emblematic of a considerable number of wider issues, such as:

- restructuring of public services and the hybridisation of governance in activities of public interest between 'public' and 'market';
- employment practices of public employers and their strong contribution to the 'precarisation' of employment relations in general and those of young professional people in particular;
- diminishing appreciation of the social sciences in times when global competitiveness rules national and European agendas;
- paradoxical demands on universities which have to handle increasing and increasingly standardized teaching loads but whose reputation, ranking and performance-related funding depends increasingly on success in competitive research markets;
- universities as instructive examples of hybrid governance between internal public-sector type constraints and external market threats;
- European 'market-making' in science and research through the regulation of public procurement and through the "Community Framework for State Aid for Research & Development and Innovation".

2. Applied social research has become increasingly market-driven, even though – or perhaps just because – the source of funding is predominantly public, and access to the respective resources has become largely dependent on competitive tendering procedures. Funding research through market mechanisms implies specific time frames. Tendering procedures are structured by deadlines which tend to be much shorter than deadlines for submitting proposals in generic research funded through grants. Furthermore, since applied research is a service to the contracting authority which wants or even has to make specific use of the results – a parliamentary report, an evaluation report to the European Commission, providing factual background information for a conference – and consequently needs the results just in time, the production of applied research finding has to be accomplished under tight time frames. Deadlines for production can only be met if the availability of human resources suffers from as little administrative delay as possible.

3. The combination of contract models along with the financing systems that result from the marketing process lead to a doubly precarious nature of working in research: researchers on fixed-term contracts, mostly of them young researchers suffer from a twofold discrimination. On the one hand, they are denied legal employment

protection and the feeling of being fully and permanently integrated into the organisation they work with. On the other hand, they have to worry whether their precarious status can be renewed even when research money is available: the very rules ostensibly protecting them against the 'misuse' of fixed-term contracts potentially cut them off from resources they may have contributed to earning in the research market.

4. Social research has become an indispensable transmission belt for benchmarking, policy learning and the development of social policy at the European level. Through various European programmes, social researchers in Europe have developed ever more comprehensive cross-border networks and have made important contributions to developing a European agenda and at least the beginnings of something that could become a truly "European public space". However, social researchers know nothing about social research in Europe in any systematic and scientific way.

5. Trade unions need social research in the EU to be robust and independent, and not subject to the precarious nature of labour conditions, as occurs in the vicious circle of fixed-term contracts. Social research is crucial to the development of trade union activity, and it runs the risk of being boxed into a corner by the rise of techno-scientific research which is the paradigm established by EU 2020 and the Framework programmes. There is a need for systematic investigation into social research in Europe, about working conditions of researchers, what effect these working conditions have on the evidence and insight that is produced or cannot be produced, and whether these working conditions are sustainable in the sense that we can expect to have high-quality social research also in the generations to come.

6. In the majority of EU member States, legislation covering employee representation in the public sector does not foresee any procedures for restructuring in the sense of the closing down, the separation, or the merging of a government agency or assigning a fundamentally new task to it. Paradoxically, one of the most restructured sectors of recent years does not appear to be equipped with adequate approaches or tools in order to undertake these complex processes beyond operational technical and administrative guidelines. There is a danger that public sector trade unions may also lack a strategic approach to manage these processes, which are becoming increasingly common in the European context.

7. The results obtained in this case cast serious doubts on the model of creating a research market in Europe under the wing of the Commission, both in terms of the necessary job stability to undertake social research as well as its very economic profitability. In the restructuring case of IAT/IAQ, the question must be asked whether it makes a difference. Obviously, the new market-making rules would have applied to IAT just as well as to IAQ as a university institute. However, IAT might have been able to justify lower overhead costs, and, what is more important, it would have been far more flexible in utilizing the financial resources flowing as overhead costs from research contracts.

8. The above leads us to propose the exploration of a new employment statute for research at least in public organisations in the EU, capable of combining the need to maintain a temporary link between the labour

contract and the research project, the case being, with a certain stability. This would mean encouraging the emergence of a homogeneous researcher status – not just social – between the member States incorporating labour protection beyond the project's termination. A status which would allow for a more continuous professional and working perspective, which would not be interrupted on the finalisation of the fixed-term contract, normally linked to a project obtained through EU market research. This status both could and should be developed through national and sector-wide collective bargaining.



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