

**THE ECONOMIC AND SOCIAL IMPLICATIONS OF
INDUSTRIAL CHANGE**

**UNICE's preliminary comments on the draft interim report of
the high-level group chaired by Mr Pehr G. Gyllenhammar**

INTRODUCTION

1. UNICE first had the opportunity to read the draft interim report drawn up by the high level group chaired by Mr Pehr G. Gyllenhammar on the economic and social implications of industrial change on 1 April 1998 during a consultation meeting organised by the European Commission. The aim of this document is to put forward some preliminary comments in the light of the presentation of the draft report during this consultation meeting between the social partners.

GENERAL APPROACH

2. In the course of the meeting held on 1 April, the Chairman of the group set out the proposed approach, emphasising in particular:
 - the importance of managing, of responding to and, as far as this is possible, of anticipating the change in order to mitigate its undesirable effects;
 - the desirability of the change as a sign of vitality, despite the fears that it is generating;
 - the inherent dangers of attempts to postpone or to place obstacles in the way of the change, which can lead to the end of an economic activity;
 - the difficulty of predicting the change and, in particular, breaks in trend lines;
 - the need to create a climate of confidence in order to win support for the change through encouragement activities, rather than through legislation or constraints.
3. UNICE fully supports this approach. However, it does regret the fact that the draft preliminary report does not reflect the presentation that was made of it during the meeting of 1 April. It would like to bring the attention of the group's members to a certain number of contradictions

between the general principles set out in this document and the concrete recommendations that it puts forward.

THE RESPONSIBILITIES OF THE COMPANIES

4. The main responsibility for handling and anticipating change lies with the individual companies. UNICE shares the concern expressed in the draft report about the need to avoid interference by the public authorities in the internal adaptation process of companies and the need to encourage these companies to develop a spirit of anticipation in order to alleviate negative consequences of predicted but unprepared changes. It also accepts that the consequence of this freedom is that the companies shall not request aid from the public authorities in order to correct their own errors. However, it underlines the fact that a large number of changes, due to their very nature, are sudden and unforeseeable and therefore cannot be anticipated, neither by the companies nor by other actors. It is therefore essential that the companies that are faced with these kinds of changes have a sufficient margin of manoeuvre and the necessary flexibility in order to quickly come to terms with the change.

THE ROLE OF THE PUBLIC AUTHORITIES

5. UNICE would like to see the approach presented by the group's chairman as regards the limitation of interventions by the public authorities in the process of industrial change, more clearly reflected in the report. In particular, it should be clearly set out that the intervention of the public authorities, at all levels, must not have the effect of slowing down or of preventing indispensable changes. Furthermore, UNICE supports the recommendations made by the group of experts, which call on the public authorities, and in particular the regional authorities, to ensure the setting up and development of appropriate infrastructures to allow a sustainable economic development (for example, the necessary infrastructures for information and telecommunication technologies) while at the same time avoiding the distortion of competition.

EMPLOYABILITY

6. The report rightly puts the emphasis on the employability of employees and UNICE supports the approach that has been adopted, which aims to develop employment opportunities.
7. UNICE does, however, believe that employability does not only come down to training. A large number of factors will influence the opportunities open to individuals on the labour market. Pinpointing the level of training of employees as the only measurement of employability is an extreme simplification of this notion.
8. UNICE recognises the responsibilities of the employer with regard to the training of his workforce, in order to ensure that it acquires the necessary qualifications to carry out the work. However, the employability of an individual does not only depend on the steps taken by the employer. Other factors such as, in particular, the quality of the basic training received and the employee's motivation to learn play a key role. The responsibility as regards employability therefore cannot only come down to the individual companies. It is shared with both the public

authorities (with regard to education in particular) and with the individuals themselves, whose motivation to learn is essential. The draft report does not reflect this sharing of responsibilities.

9. UNICE is strongly opposed to the recommendation to punish "careless" restructuring by imposing a financial penalty on companies that lay off employees without first having provided appropriate training measures. According to UNICE, it would be more coherent with the global approach adopted by the group, to tackle this question through incentives, by way of positive measures rather than through negative penalties. Furthermore, imposing a financial penalty to sanction the employer's failure to fulfil his obligations assumes that these duties are clearly defined, which in turn brings us to ask ourselves what is "appropriate". Moreover, in many cases, the individuals acquire skills that heighten their "employability" on the job, without passing through the formal training channels.
10. The recommendation regarding the European charter of new skills could be of use in that it would make it possible to carry out an in-depth examination of the question of skills. However, UNICE would like to underline the fact that the diversity of the training systems means that it is out of the question to make any attempt at harmonisation in this field.

INFORMATION AND CONSULTATION

11. UNICE recognises the importance of the social dialogue and of co-operation between employers and employees within the companies in order to achieve a good understanding and acceptance of the process of change. It reasserts its conviction that information and consultation of employees are good management practices. As far as this point is concerned, UNICE warmly welcomes the proposal made by Mr Gyllenhammar in recommending the benchmarking of company experiences in this field in order to help them to assess their performance, but also in order to favour exchanges and the dissemination of best practices. It regrets that the fact that this proposal does not appear in the text of the draft report.
12. UNICE also recognises the need for a minimum legislative or agreed framework in order to avoid unacceptable conduct. However, it believes that this framework does already exist. In fact, there is a well developed body of legislation, collective agreements and practices governing information and consultation at national level. Those aspects that could have cross-border implications and that justify intervention by the Community legislator are furthermore regulated by the directives relating to protection against collective redundancies, the European works councils, transfer of undertakings and the protection of health and safety at work. UNICE regrets the fact that this is not reflected in the draft report.

THE EUROPEAN OBSERVATORY OF INDUSTRIAL CHANGE

13. The setting up of a lightweight and informal structure could prove to be a very useful instrument to help companies in their efforts to anticipate changes, by gathering and disseminating a series of pertinent information on developments in their operational environment. UNICE does believe, nevertheless, that this observatory should not be a forum for sectoral supervision or planning at European level nor a forum for a social dialogue.

MEASURES AIMED AT THE SME

14. On the whole, UNICE very warmly welcomes the recommendations made by the group as regards the provision of assistance to small and medium-sized enterprises: advisory services, the setting up of one-stop shops, the elimination of administrative barriers to the creation of small and medium-sized enterprises, the proposal to launch a European Entrepreneurship programme.

THE SOCIAL REPORT

15. UNICE understands the utility of having a standard document that the companies could use on a voluntary basis. A large number of companies are already voluntarily publishing a social report. It would however like to express its strong reservations as regards the proposal of turning this report into a legal obligation. The experiences of employers in countries where this type of obligation already exists have demonstrated that the publication of a social report can become an extremely heavy bureaucratic exercise because of the level of detail of the information required by the legislator, resulting in a document whose public dissemination and use by the press can generate effects that are damaging for the companies. The need to preserve the confidentiality of certain information must also be fully taken into consideration.

CONCLUSION

16. UNICE would like to thank the expert group for the opportunity it has been given to put forward its opinion at an early stage in the drawing up of the report. It sincerely hopes that its opinions will be taken into consideration and very much wishes to be consulted on a later version of the draft report in order to be able to elaborate on the preliminary and non-exhaustive comments set out in this document.