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THE IMPACT OF GLOBALISATION ON STRUCTURAL CHANGE AND EMPLOYMENT

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- Factors that drive companies to relocate in the face of increased competition
- The role of worker representatives
- The corporate culture

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Ladies and Gentlemen

Structural change and employment are affected by many factors including globalisation - whatever we mean by that. It is in most cases impossible to isolate the effects of specific factors affecting change and employment – and it is not important - maybe meaningless - to know whether change is caused by globalisation or by technological change or by markets being lost.

When we talk about the consequences of globalisation we probably often mean that the consequences of technological changes today are felt much more quickly than 10, 20 or 30 years ago. The competitive pressure on Europe and its businesses are more direct and immediate than ever.

Relocation is only one of several ways companies can respond to increased competition, new technology, market developments or tight labour markets – and certainly not the most common.

This afternoon we will have a discussion on possible responses to the problems facing companies and their employees as well as society as a whole.

I believe this is the more important and more interesting and relevant than trying to supplement the work already done by others on the causes for restructuring. In particular I would refer to the study published last year by today's co-host: the European Foundation for the Improvement of Living and Working Conditions. The report is part of the project "European Restructuring Monitor" and is called "Restructuring and employment in the EU: the impact of globalisation"

And the European social partners have over the last four years been engaged in a joint project on restructuring in first the new member states but lately also in the old 15 member states. The project is based on national dossiers for discussion at seminars in each member state and the lesson learnt can be found in several synthesis reports published by the participating organisations.

Preceding this project the social partners were engaged in two seminars based on several cases of restructuring of companies in a number of member states and sent the Commission a joint letter on “Orientation for Reference in Managing Change and its Social Consequences”.

It is important to recall that restructuring is taking place every day and for many reasons. New technology is often mentioned, but try to imagine how the jump in energy prices will affect all businesses. Some will prosper, others will fail.

If you are in the fashion business you have to keep up with rapid changes in the taste of customers, and mistakes often lead to the ultimate form of restructuring: you go out of business.

It is worth remembering how fast many economies were transformed from primarily agricultural societies and into industry or service-based economies. – and how the retail sector has seen hundreds of thousands of small shopkeepers give up.

The capacity of most economies to sustain change is higher than we perceive when we from time to time in the media learn about spectacular examples of failed or politically unacceptable restructurings.

The size of what could be called silent restructuring varies of course from member state to member state, and is often hardly noticed. To give one example: in Denmark almost one out of ten jobs is lost every year but at the same time even more jobs are created.

Whatever the reasons for any restructuring and whatever the form and content of the specific action we already know what is important in coping with the consequences of restructuring.

The social partners this October completed their Joint Analysis of the challenges of globalisation, technological change and aging facing European labour markets. The report was presented to the President of the European Council and the President of the Commission at the Social Summit in Lisbon. In addition to identifying the key challenges it also makes a number of recommendations to Member States and to EU institutions.

The instruments to be used are the same whatever the reason for the restructuring. In 62 separate recommendations the social partners deal with education and training, active labour market policies, a favourable business environment, social protection, cohesion and exclusion and also with mobility, labour law, social dialogue and flexicurity.

The role of worker representatives is important and if trust and confidence have been developed in a constructive dialogue both at company level and at national level it facilitates the necessary transition into new jobs within the same company or with a new employer. The fear of restructuring is easy to understand if the outlook is permanent or semi-permanent unemployment. New jobs often require new skills, competences and qualifications. This is the responsibility of both the government and employer but it is certainly also the responsibility of the individual.

I have been a little perplexed as to how to assess the programme for today's conference . Good management will be able to take decisions that will make companies and their employees prosper. Good management is not anticipating change as if it was dictated by some outside force. Good management is initiating the necessary change in response to both new opportunities and adverse developments.

The response of governments to globalisation is basically the same as can be found when looking at the Lisbon strategy. BUSINESSEUROPE recommend making the Lisbon strategy more effective over the period 2008 to 2010 and to reinforce the most operational elements of the Lisbon strategy and focus the political debate on concrete deliverables before 2010. This means: reconfirm integrated guidelines, ask Member States for clearer targets and time schedules to deliver on specific recommendations and take measures to reinforce peer review and the profile of the Lisbon strategy in European capitals. The latter can be done for instance by involving national parliaments and social partners at an earlier stage.

To conclude: modern and flexible labour markets offering employees the necessary security and competences and qualifications are instrumental in meeting the challenges and opportunities of globalisation – as well as other challenges.

Thank you for your attention.
