



The European Restructuring Monitor – a unique Europe-wide data source

info sheet

'Restructuring can underpin economic and social progress — but only if the structural changes are correctly anticipated, if the firms affected can take corrective measures and manage the necessary change quickly and effectively, and if the public authorities help to create the right conditions.'

Social Agenda 27 – Adapting to Change – The EU approach to restructuring, European Commission, 20.6.2011



WHAT is the context?

Restructuring is not a new phenomenon. It has always been a part of the normal business cycle as enterprises need to adapt to maintain their competitiveness. Restructuring is very often seen in a negative way as a phenomenon that has destructive effects on employment or working conditions as well as on the local and regional economy. However, if restructuring is handled effectively and efficiently, it can preserve the employability of workers and help their transition to another job of equivalent quality in case they cannot keep their initial job.

The flagship initiative 'An industrial policy for the globalisation era', part of the Europe 2020 strategy, states that the European Commission will 'work to promote the restructuring of sectors in difficulty towards future oriented activities, including through quick redeployment of skills to emerging high growth sectors and markets' and Member States will need 'to work closely with stakeholders in different sectors [...] to identify bottlenecks and develop a shared analysis on how to maintain a strong industrial and knowledge base'.

Both could be supported by the European Restructuring Monitor (ERM) which, to date, is the only EU-wide source of information on company restructuring providing data overviews as well as information about national public support for restructuring.

WHY this instrument?

In spite of the large implications of restructuring for employment, prior to the launch of the ERM few systematic attempts had been made to assess the nature and scale of restructuring activities and their effects across the EU. While the ERM is indicative rather than representative of the extent and employment effects of restructuring, it identifies broad trends and provides rich information for subsequent qualitative analysis.

In a similar way, illustrative examples of national support instruments for companies and workers in restructuring are compiled to provide an overview of different possibilities and an exchange of ideas.

Although the exercise has its obvious limitations and the relationships between restructuring and employment are neither simple nor straightforward, particularly in the recent global economic recession, the ERM has been a valuable information source for European policy makers in an attempt to gauge the magnitude of company restructuring across Europe.

WHAT is the ERM?

The objective of the ERM is to monitor restructuring activities in the 27 EU Member States plus Norway. The employment impact of restructuring events is measured on the basis of announcements reported in the daily and business press in each Member State since 2002. The ERM does not provide a full and comprehensive picture of job creation and destruction in Europe but it rather covers announced mass restructuring processes. Significant flows of job

POSITIONS AVAILABLE

destruction and creation in a given country come from small scale destructions and creation. However, large-scale processes are highly meaningful because they can lead to important spill-over effects in a given area, pose important challenges for social cohesion and call for effective collective action. Also, as information on company restructuring is reported to the ERM long before the actual workforce reduction, the ERM allows all actors involved in the process of anticipating and managing change to identify sectors and countries that are likely to undergo a phase of severe restructuring in the short to medium term.

While capturing basic descriptive and quantitative data on individual restructuring events, the ERM since 2011 also provides an illustrative, non-comprehensive collection of national public support instruments aiming to assist companies and affected workers to beneficially anticipate and manage restructuring. The objective is to inform policy makers and other stakeholders on what types of instruments are available and could be potentially mainstreamed or used for policy learning.

What are the OUTPUTS?

The ERM outputs are easily accessible and downloadable from Eurofound web site:

- A searchable database of restructuring cases presented in a standardised format – called a fact sheet – which is updated daily. Each fact sheet provides information on the company, its size, location and sector of activity, the type of restructuring, the number of announced jobs created or lost and their envisaged timeline, as well as a brief summary of the reasons for the restructuring. They are based on announcements of company restructuring in national media sources. Individual cases can be searched by a number of search criteria (e.g. country, sector, type of restructuring, announcement date).
- Drawing on the data collected through the ERM factsheets over the previous three months, the ERM *quarterly* outlines major European trends in restructuring and the employment effects. The *quarterly* provides an overview of relevant indicators such as GDP growth and the unemployment rate, followed by the ERM data for the previous quarter. In addition, each issue includes features on individual cases of restructuring or on sectors severely affected.

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- The ERM database on support instruments for restructuring provides information about characteristics, involved actors, funding sources, strengths, weaknesses and outcomes of illustrative measures offered by governments, employers' organisations and trade unions across Europe to assist the anticipation and management of restructuring. Individual measures can be searched by country, phase and type of the instrument, funding source and involved actors.
- The ERM annual reports focus on a specific topic that reflects current policy priorities. In addition, it summarises restructuring developments in the last year. For its analysis, it draws extensively on data from the ERM in conjunction with other data sources (e.g. Eurostat Labour Force Survey, LFS). A brief summary of the annual report is available in all official languages of the European Union.
- Comparative analytical reports provide information on developments at EU and national level on specific themes (such as off-shoring, bankruptcy, etc.), including company case examples.

HOW does it work?

The ERM factsheets are collected by a network of correspondents who gather data on company restructuring through a daily review of the specialised economic press in each Member State plus Norway. They record company restructuring that affects at least one country, entails the announced creation or destruction of at least 100 jobs, or involves at least 10% of the workforce at sites employing more than 250 people. The ERM factsheets also cover cross-national cases.

WHERE to now?

The ERM will concentrate on exploring possibilities to tap into a broader range of digital sources. Also, future developments will focus on the qualitative improvement of data base entries with a view to strengthening the coverage and accuracy of ERM data as well as the analytical dimension. From a qualitative perspective, the ERM has a lot to offer; it is a potentially useful sourcing tool for examining types of restructuring, sectoral analysis case studies on innovative practices in company restructuring, long-term follow-up of restructuring cases, and much more.

Further information:

The ERM can be accessed via the Eurofound website (<http://www.eurofound.europa.eu/emcc/>) or by contacting Sara Riso, Research Officer (sri@eurofound.europa.eu) for information on factsheets or Funda Celikel-Esser (fce@eurofound.europa.eu) for information on restructuring support instruments.

Please note the conditions for data usage.