

# COMMUNIQUÉ



EUROPEAN FOUNDATION

for the Improvement of Living and Working Conditions

## What drives change?

What are the factors driving change? Even companies at the cutting edge of new technology have discovered in the last year that restructuring and downsizing are not confined to older, traditional industries. The telecoms equipment sector, long regarded as a blue-chip sector of the new economy, shed more than a quarter of a million jobs worldwide in a three month period at the beginning of 2001.

Were these developments to be expected? What caused them? Could their consequences have been managed better? These are some of the questions which the European Monitoring Centre on Change (EMCC) has been set up to address. Launched by the Foundation on October 23 at the What Drives Change? conference, the EMCC is one of the main measures for anticipating and managing change proposed in the European Commission's June 2000 *Social Policy Agenda*. Subsequently in November 2000, the European social partners issued a joint position outlining the role and function of the Monitoring Centre, a position endorsed when the Presidency conclusions at the Nice EU summit (December 2000) called for the establishment of the EMCC within the Foundation.

According to the Director, Raymond-Pierre Bodin, speaking at the conference, EMCC's objective will be "to provide the tools for key actors in European social policy to make



EMCC launch conference plenary session, Palais d'Egmont, Brussels, 23 October

more informed decisions about managing the processes of change".

In her address at the Palais d'Egmont, Odile Quintin (Director-General, DG-Employment / Social Affairs, European Commission) pointed out that the establishment of the EMCC had come about at the request of the Commission principally in response to poorly managed episodes of change and restructuring in certain large companies and was intended to provide the knowledge and understanding to forestall a repetition of such episodes. She underlined the importance of training saying "the development of human resources is at the centre of change management".

According to Laurette Onkelinx (Deputy Prime Minister, Belgium), the Monitoring Centre will serve as "a platform, unique of its type, where the agents of change can share their experiences so as to identify good practices" while Jacques Maire (Ministère de l'Emploi et de la Solidarité, France) commented that "a multidisciplinary approach is vital for the monitoring centre covering social, industrial and competition aspects as well as research and financial matters."

Also among those contributing at the conference which was held under the auspices of the Belgian EU presidency were Emilio Gabaglio (ETUC), Thérèse de Liedekerke (UNICE), Ian Little (ECOSOC), Reiner Plassman (CEEP), Bruno Trentin (European Parliament), Luc van den Brande (Committee of the Regions).

A core element of the launch conference at the Palais d'Egmont in Brussels were the expert panels in which future users of EMCC – representatives of government, social partner organisations, the European institutions and of companies - made known their expectations. The three panels gave some answers to the question of what drives change in companies, sectors and regions. The influence of policy making was clearly identified as a driving force for companies and sectors as was information and communication technology. Changes in consumer demand were mentioned as another important factor.

Panelists also expressed their information needs vis-a-vis the EMCC. Skills gaps and changing qualification needs are a major concern for actors in companies, sectors and regions and data and comparative information provided via the EMCC on this issue would be most useful. This information could feed into ongoing sectoral social dialogue discussions in several sectors and on different levels. In addition, the need for prospective market surveys and the improvement of anticipation tools were mentioned. The first component of the Monitoring Centre will be a web-based portal which will be up and running in the first half of 2002



### In this issue:

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# The workers' shares

Nearly one in two medium to large-sized companies in the EU has an employee profit-sharing scheme in place.

According to data recently made available from the 1999/2000 Cranet survey (see [www.eurofound.ie/industrial/finpart.htm](http://www.eurofound.ie/industrial/finpart.htm)), 31% of companies with more than 200 employees have an employee share ownership scheme. The figure for profit-sharing schemes is even higher at 45%.

Coordinated at Cranfield School of Management in the UK, the Cranet surveys focus on human resource management issues in medium and large-sized European companies. Though not primarily designed to investigate the incidence and characteristics of financial participation, the presence of questions on this topic has made it an ideal data source for the Foundation's ongoing research on this increasingly widespread phenomenon.

Tax concessions and other incentives, as well as the growing popularity of the stockmarket, have contributed to the spread of employee financial participation, making it an attractive option for employer and employee alike.

Patterns of deployment of such schemes vary from member state to member state and according to the size of a company. Larger firms remain much more likely to have some form of financial participation arrangement than smaller firms. In country terms, France

Netherlands and the UK enjoy a high incidence of share ownership schemes (all over 40%) while over half of the businesses in Germany, Austria, France and the Netherlands employing over 200 employees offer some form of profit-sharing.

The analysis of the Cranet data shows that the higher the incidence of share ownership schemes in a country, the broader the coverage tends to be with workers in most categories tending to benefit. In the UK, where 45% of companies have share ownership schemes, two-thirds of those schemes are open to all employees. In contrast, the overall incidence of schemes is much lower in Spain and three out of every four schemes are 'narrowly-based', ie confined to management and higher-paid staff.

The findings based on the Cranet survey data provide the widest geographical scope in Europe of any empirical study to date on the subject of employee share ownership and profit-sharing measured against a range of workplace issues. A summary of the findings has recently been published and is available in English and French on the Foundation website at [www.eurofound.ie/publications/EF0157.htm](http://www.eurofound.ie/publications/EF0157.htm).

*The Commission will present its Communication on Financial Participation on 12-13 November in Dublin at a conference jointly organised with the Foundation.*

## New look EIRO

The European Industrial Relations Observatory website recently underwent its first major redesign since being launched in 1998.

The main objective of the redesign, according to programme manager Fiona Murray, was to take account of feedback from users from the EIRO user survey and content development seminars. It also served to harmonize more closely the EIRO design with the design of the Foundation website. Advantages of the new site include clearer navigation. Users can now browse the database content directly from the home page by choosing headings such as country, sector or date). Similarly, frequently accessed sections of the site such as the comparative studies and EIROobserver are now accessible directly from the homepage. Print-friendly versions of all the records are also now available.

The site has established itself as the site of record for industrial relations information in the EU and Norway and regularly attracts over a 1,000 user sessions in a day. Further enhancements are planned over coming months including improvements to the site search engine.

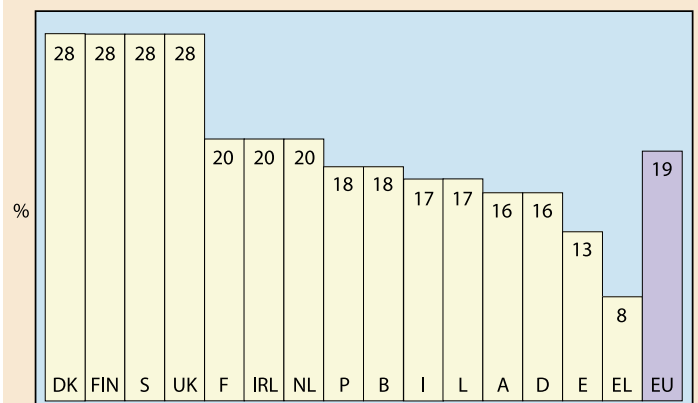


## research in figures

### Gender and the workplace

% of workers for whom immediate superior is a woman

Source: Third European Working Conditions survey



# Progressive retirement in Europe

Progressive retirement has become a popular policy alternative to early retirement and schemes have been introduced in the majority of EU member states. In place of the traditional overnight exit from the workforce still experienced by a large proportion of workers at statutory retirement age, progressive retirement aims at retaining older people within the active population by decreasing their working time and, at the same time, granting some sort of income support measure.

A new EIRO comparative study analyses the extent and utilisation of progressive retirement schemes, their regulation by law and collective bargaining and their role and importance in the current debate between governments and social partners.

According to its proponents, progressive retirement fulfils a number of key objectives both in terms of employment policy and in terms of managing an ageing EU workforce. The EU employment guidelines, for example, call on member states to “develop policies for active ageing with the aim of enhancing the capacity of and incentives for older workers to remain in the labour force as long as possible”. Progressive retirement schemes are also a means of retaining valuable experience and know-how in organisations and of ‘softening’ redundancy plans in cases of restructuring. Finally, in terms of state finances, they represent an alternative to costly ‘full’ early retirement schemes and a means to control the cost of pensions and to redress imbalances induced by demographic trends, specifically the contraction of the working age population in an ageing Europe.

What are the main drivers of progressive retirement work in practice? The study finds that legislation rather than collective bargaining is the principal source of the schemes currently existing in nine member states (A, B, D, F, FI, DE, NL, ES, SV) as well as Norway. Given that schemes rarely extend beyond the limit of the official retirement age, the authors conclude that the main impetus for the schemes is to avoid full early retirement and pensions rather than to prolong active life beyond the ordinary

retirement age. Nonetheless, in a number of countries (eg. UK, Portugal, Italy), policy options such as the extension, flexibilisation and even abolition of the statutory retirement age are under consideration.

Though the nature of schemes varies widely from country to country, most involve at least the following elements:



- **Age:** in order to be eligible, employees must have reached a certain age, generally close to the statutory retirement age. Maximum duration of progressive retirement is rarely more than five years.
- **Career / social security contributions:** many schemes set eligibility requirements in terms of years worked or period of social security contributions. In France, employees must be eligible for a full pension in order to have access to gradual retirement.
- **Incentives:** the schemes covered in the report all include some form of income supplement to compensate the employee for the loss involved in working reduced hours. This can take the form of a state contribution or a partial pension.
- **Working time reductions:** there tends to be flexibility in the range from 25% to 75% of standard weekly hours though in Germany and Belgium, the working time cut is fixed at 50%.
- **Strong linkage with early retirement:** in almost all countries, progressive retirement has emerged as a way to amend existing early retirement schemes, making them more flexible and less expensive.

How have employees responded to the option of progressive retirement? Take-up has been limited in some countries such as France, Belgium and Sweden though this, the authors say, may be due to other competing possibilities (eg. career break schemes) or lack of obvious incentives to choose partial retirement over full retirement. In Germany, on the other hand, the progressive retirement scheme has become common especially in larger firms. 85% of plants employing over 1000 workers utilise the scheme and since its introduction in 1996 the number applying annually has risen fourfold to nearly 40,000 in 2000.

The full version of the report *Progressive Retirement in Europe*, is available for download at [www.eiro.eurofound.ie](http://www.eiro.eurofound.ie). For more information, contact Gemma Sanchez, [gsg@eurofound.ie](mailto:gsg@eurofound.ie).



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**events diary**

12-13 November

European Foundation / European Commission conference on Financial Participation. Launch of Commission communication on Financial Participation. Dublin.

28 November

Joint European Foundation / Consejo Economico y Social seminar on Pacts for Employment and Competitiveness, Madrid

29/30 November

Seminar on Quality of Life in Europe / press conference launching the European Commission's Social Situation in Europe report, Dublin

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## Publications mentioned

### Employee share ownership and profit-sharing in the EU (summary)

Available in EN and FR  
[www.eurofound.ie/publications/EF0157.htm](http://www.eurofound.ie/publications/EF0157.htm)

### 'Progressive retirement in Europe', EIRO comparative study, September 2001

[www.eiro.eurofound.ie/ComparativeStudies.html](http://www.eiro.eurofound.ie/ComparativeStudies.html)

### Recent trends in employee financial participation in the EU (summary)

Available in EN FR  
(to be published in all EU languages)  
[www.eurofound.ie/publications/EF0117.htm](http://www.eurofound.ie/publications/EF0117.htm)

### Recent trends in employee financial participation in the EU (report)

Available in EN (to be published in DE FR also)  
€ 22.00, Cat. no. TJ-37-01-477-EN-C

## New publications

### Employment and working time in Europe (summary)

Now available in DA EN PT FI  
[www.eurofound.ie/publications/EF0158.htm](http://www.eurofound.ie/publications/EF0158.htm)

### Gender, employment and working time preferences in Europe (summary)

Now available in ES DA DE EN IT NL PT FI SV  
[www.eurofound.ie/publications/EF0149.htm](http://www.eurofound.ie/publications/EF0149.htm)

### Jobs in EU micro firms (summary)

Now available in ES DA DE EN FR IT NL PT FI SV  
[www.eurofound.ie/publications/EF0122.htm](http://www.eurofound.ie/publications/EF0122.htm)

### Ten years of working conditions in the European Union (summary)

Available in all EU languages  
[www.eurofound.ie/publications/EF00128.htm](http://www.eurofound.ie/publications/EF00128.htm)

### Third European survey on working conditions 2000

Available in EN (to be published in DE FR also)  
e 25, Cat. no. TJ-39-01-764-EN-C  
[www.eurofound.ie/publications/EF0121.htm](http://www.eurofound.ie/publications/EF0121.htm)

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## New research managers

Following an open competition earlier this year, each of the Foundation's core research teams has been strengthened recently by the addition of new research managers.

Philippe Bronchain, from Belgium, will be taking up responsibilities in the Living Conditions unit. Philippe is a lawyer and an economist specialised in international matters and has worked at the King Baudouin Foundation as a programme manager.

Barbara Gerstenberger, a German national, will join Janet Smith at the helm of the European Monitoring Centre on Change which enters its operational phase in 2002. Barbara joins the Foundation from the European Metalworkers' Federation where she held the post of senior research officer.

Fellow countryman, Christian Welz takes up responsibilities at the Foundation in November and will work in the Industrial Relations unit. Christian has worked previously as a lecturer in EC / international law at the Universities of Applied Sciences of Kehl and Offenburg.

Dr Sabrina Tesoka will be working in the working conditions unit. A French national, Sabrina was a Marie Curie Fellow at the Institute of European Studies (Free University of Brussels) and holds a Ph.D from the European University Institute (Florence).

## Monitoring living conditions in the EU

A presentation of the joint Commission/Eurostat report on the Social Situation in the EU for 2001 will take place in Dublin on 30 November. The report provides quantitative and qualitative analysis of European social trends with particular focus on the quality of life of European citizens. The Press conference and seminar will offer an opportunity to discuss the report's relevance to the Irish social policy debate. Details of the Foundation's new initiative for a Monitoring Tool on Living Conditions in Europe will also be announced. The seminar programme will include speakers from DG Employment and Social Affairs, the Economic and Social Research Institute (ESRI) and the Foundation.

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## SD Online moves

Sustainable Development Online, one of the flagship initiatives of the Design for Sustainable Development project, is currently available at an interim address [www.sd-online.net](http://www.sd-online.net) before being transferred to the website of the European Environment Agency ([www.eea.eu.int](http://www.eea.eu.int)). This online sustainability directory which commenced operation in 1999 contains links to over 1,000 sustainability-related sites, is one of the largest online resources of its type in Europe and has attracted around 8,000 user sessions per month.

## communiqué

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