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**Social dialogue and lifelong  
learning: supporting industrial  
changes**

Results from a peer learning activity

Thessaloniki, December 2008

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Europe 123, GR-57001 Thessaloniki (Pylea)  
Postal address: PO Box 22427, GR-551 02 Thessaloniki  
Tel. (30) 23 10 49 01 11, Fax (30) 23 10 49 00 20  
E-mail: [info@cedefop.europa.eu](mailto:info@cedefop.europa.eu)  
[www.cedefop.europa.eu](http://www.cedefop.europa.eu)

Aviana Bulgarelli, *Director*  
Christian Lettmayr, *Deputy Director*  
Juan Menéndez-Valdés, *Chair of the Governing Board*

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# Foreword

Industrial change and corporate restructuring are central topics of the renewed Lisbon strategy. European Union policies to anticipate changes aim to limit the negative effects of restructuring, by preserving social cohesion, and try to take advantage of the shifts for underpinning economic growth and employment.

These challenges have to be faced by assuming that proper management of change should be based on foresight and requires solid partnerships. In this respect, the involvement of the social partners is a crucial factor in driving change positively through consensual decisions which can result in sustainable solutions.

Further, building a knowledge-based society in Europe, combining competitiveness and social cohesion, requires continuous skill provision. It is widely acknowledged that the role of lifelong learning is of paramount importance in supporting competitiveness and employability, and in promoting mobility of the labour force.

This project brings these issues to light, reporting the results of a peer learning activity held in Lisbon in 2006, organised by Cedefop in cooperation with Apoceep, the Portuguese branch of the European Centre of Enterprises with Public Participation, Enterprises of General Economic Interest (CEEP), and the Portuguese Employment and Vocational Training Institute (IEFP).

The report provides evidence, through different analytical perspectives and practical cases, of the usefulness of social dialogue and of education and training, as well as of the importance of the social partner dialogue in dealing with industrial change. These three tools are the right ones to support management of change and restructuring at sectoral and company levels, regardless of whether in an expanding economy or in recession.

This peer learning experience is an initiative of Cedefop to establish partnership with the social partners in lifelong learning. It aims at using and disseminating good practices. Cedefop is grateful to all those involved and wishes to thank them for sharing their practical experiences.

In addition, we expect this Cedefop outcome will contribute to encouraging further policy debate, directly connected with employment strategy, economic growth and social wellbeing in Europe.

Aviana Bulgarelli  
Cedefop Director

Cedefop wishes to dedicate this report in memory of Maria José Janardo who was deeply committed to the idea of developing this action to give support to Portuguese and European social partners in their home countries.

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- Cedefop, J. Manuel Galvin for the overall coordination and management of the project;
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- Sidney Tiernan (ETUC advisor);
- Alexandra Kralikova (Human Resource Manager, Skoda);
- Gian Luca Coccola (Union Tessile, National Secretary);
- Paulo Nunes de Almeida (Textais em Rede);
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Finally, thanks to Éric Fries-Guggenheim, Guy Tchibozo and Manfred Tessaring for their kind advice and comments.

# Preface

Cedefop plays a key role filling knowledge gaps and providing relevant information in supporting the priorities of the Lisbon strategy. It is also a key player in the Copenhagen process on education and training.

Since its creation, one of Cedefop's goals has been to support the social partners. It involves them as much as possible in these processes by producing knowledge and providing a basis for stakeholders to exchange practice and experience which, nowadays, are essential in supporting the Lisbon goals. The role of the social partners is crucial to understanding many of the challenges that surround production environments which, during the last decade, have undergone structural changes as a consequence of, among other issues, market globalisation.

These complex processes require active involvement of the social partners if they are to be managed successfully. Social dialogue should play a key role in managing change, including through provision of training. Both partners should establish frameworks for those affected by change, regardless of whether this occurs in an expanding or recessionary phase.

However, establishing the basis of social harmony is not an easy task and many difficulties can arise in developing a culture of change aimed at jointly modernising working environments. In this respect, social partner medium-term outlooks on flexicurity paths are a key dimension to explore.

In many cases, an appropriate climate can be created only after modifying attitudes and preparing those involved to motivate the main actors to engage in concerted development of their enterprises that would otherwise not be possible. Training to create such a climate would be fundamental for the social partners.

What seems clear is that it remains a challenge to develop and consolidate the systems and processes of dialogue between the social partners at all levels, but especially within companies. Practically all areas linked to management and managing change in general, and to managing human resources in particular, can and should be subjects for social dialogue when working environments must be adapted to unexpected situations.

Cedefop, in line with its mission, started to work on this aspect in a project supporting social partners, following a specific request from Governing Board members. This request arose from analysis of Commission recommendations, social partner joint positions and concerns about structural change in Europe.

Strategic objectives for Cedefop – and for the peer learning event devised – included providing the basis for training different stakeholders in managing restructuring situations and exploring the use of lifelong learning as a mechanism to create smooth transitions to facilitate employability.

Cedefop wished to explore the role of social dialogue and of lifelong learning in managing industrial change, and the importance of social dialogue as a mechanism to promote provision of training within the framework of industrial changes.

In addition, it is important to emphasise the role of Cedefop and the study visits programme and networks in stimulating learning, new ideas and new practices among social

partners. In 2006, the European Commission asked Cedefop to manage the new consolidated study visits programme in the lifelong learning programme from 2008-13. This can constitute a platform for further exchange of practice among the social partners.

The activity detailed in this publication is an example of using peer learning to support policy development and cooperation at European level. It can be of value to lifelong learning, in the context of the Lisbon process and the education and training 2010 work programme with active involvement of the social partners.

In the light of this experience, more cooperation among social partners among the network created, and further research on the issue, are planned.

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## Executive summary

This report presents the results of a peer learning activity organised by Cedefop from 27 to 31 March 2006 in Lisbon (Portugal). The main objectives of the project were as follows:

- (a) make aware and motivate social partners to participate in management of change and restructuring occurring in European countries, sectors and companies;
- (b) review key challenges in managing industrial change at sectoral/company levels, exploring the use of social dialogue and the role of lifelong learning in such situations.

The first part of the report provides a description of the methodology and a general overview of the meaning of social dialogue and lifelong learning in the context of the (renewed) Lisbon strategy.

The second part presents, from a bipartite perspective, recent facts of the social dialogue process in Portugal and some challenges for the social partners in promoting lifelong learning policies in the country.

The third part is devoted to presenting good practices at sectoral and company levels developed in the textile, automotive and banking sectors by different stakeholders dealing with management of change and the role played by training provision. The cases are introduced by socioeconomic and labour analysis of the three sectors.

A key finding was acknowledgement that globalisation and market internationalisation are both irreversible economic facts to be accepted by citizens and socioeconomic actors. Accordingly, there is urgent need to promote, at different levels, cultural change to spread ideas of how to internationalise the workforce and its knowledge capital. In this regard, flexibility and mobility are key patterns of current trends in employability.

Indeed, industrial change and corporate restructuring have both economic and social consequences and are strongly correlated to the cultural dimension. Restructuring forces organisations, sectors, territories and people to adapt to new and unexpected situations.

This means that individual, business and geographic contexts have strong implications for the success or failure of management of change strategies: the change of mentality within these contexts to accept current socioeconomic dynamics is essential (local versus global paradigm and vice versa).

The above issues verify the key hypothesis in dealing with peer learning activity: if globalisation causes restructuring and employment changes worldwide, developing social dialogue and facilitating training provision are both crucial aspects in managing change, minimising the negative consequences while creating positive effects for companies and workers.

Lessons from the working sessions indicate that establishing social dialogue culture at different levels (national, sectoral, regional, company) is an appropriate strategy to establish a support framework for those affected by sectoral and/or company restructuring.

Nevertheless, social dialogue and social harmony related to management of change and collective bargaining in lifelong learning are at different stages of development across European countries, sectors and companies. The Portuguese case treated in the report is a clear example of this issue. Portugal has experienced many difficulties in establishing social

harmony to help modernise social and labour domains to respond to industrial and labour change in the country.

Another key finding related to social dialogue at national (Portugal) and European levels is that social partners still need to concentrate more on how to negotiate reforms to promote and develop lifelong learning for low-qualified workers. Low-skilled workers are at greater risk when facing change and social partners should give them top priority when discussing provision of training.

Peer learning revealed a lack of training among social partners in negotiating successful agreements in the face of restructuring and relocation processes. In particular, this was acknowledged by Portuguese social partners participants.

To develop a stronger social corporate responsibility would be appropriate as a strategic tool for adapting better to change: more active participation of all those involved, including public authorities, should be essential.

To train and/or to reskill employees by providing new qualifications must be considered when managing change. The importance of skill and competence development in supporting employees and businesses working with new processes, products and/or in other economic sectors was continuously emphasised.

Regarding the demographic challenge for Europe, promoting successful agreements involving older workers is another crucial aspect to be taken into account in future negotiations. Mutual knowledge and exchange of experience among stakeholders working in partnerships is a crucial aspect: management of change makes creation of solid partnerships necessary.

To support these challenges, further research on competences and training programmes related to restructuring and sectoral change would be required. The results from this potential research could be supportive for those who have to promote training and negotiate lifelong learning within context of industrial change.

To recognise competences and skills would facilitate better functioning of the labour market but still remains a challenge. Recognition of qualifications is a tool which can facilitate worker resilience in adapting to sectoral/company changes and/or transferring knowledge to other sectors and/or activities.

With the renewed Lisbon strategy for growth and jobs, it was acknowledged that it would be appropriate to continue making efforts to improve efficiency in the European internal market which directly affects economic restructuring in Europe.

Further, both knowledge and innovation are key elements in dealing with restructuring: developing an innovation strategy would be desirable for Europe while integrating opportunities created by enlargement and the current process of accession.

More particular attention should be paid to technical tools to monitor how organisational changes and technological innovation and to support three main domains affected by restructuring: enterprises, sectors and territories.

Nowadays, the development of quality standards to provide more added value in the production chain is a key factor which should help sectors and companies be more competitive across international markets. In this regard, higher investment in R&D would be

needed and industrial policies should focus more on promoting innovation at European and national levels.

Regarding sectoral and company cases, the results show that there is a real need to explore the way to develop a legislative framework to regulate market practices and to protect European business/companies from abusive and sometimes unfair competition from other economies (e.g. textile sector). Agreements among social partners and further development of joint approaches are relevant support tools.

It was also widely acknowledged by stakeholders that the services sector already has to deal with changes in European countries. The changes in banking regarding international competition, evolution of products, consumers' needs and the impact of technological evolution is affecting both occupations; work organisation is a clear example.

The results from the automotive industry show that concerted approaches and training provision can mitigate negative effects when production decreases and/or when expansion occurs. Appropriate human resources strategies, supported by vocational education and training, reduce the impact of the negative consequences of restructuring and can also be used as a tool for highlighting and correcting inequalities caused by globalisation.

Considering all these elements, it is essential to emphasise again that maintaining and developing human capital is a central topic for dealing with change: to provide the right skills at the right time should enable businesses and workers to adapt to change. This is crucial when technological and organisational change happens and the provision of training becomes of paramount importance.

Social dialogue should be effective in managing change and/or restructuring situations if both sides of industry are committed and open-minded. However, national-level negotiations can be difficult and may not always link enterprise, sectoral or regional levels.

It is important to stress the difficulties in applying macro agreements. Negotiation and final agreements should focus on finding flexible alternatives accompanied by security for high-risk and/or weak groups. This is particularly relevant to the current debate about flexicurity principles.

Exploration of flexicurity formulae is paramount for social partners, at sectoral and company levels. Stakeholders training in this will be needed as employers and trade unions are going to face new complex negotiation environments at different levels.

It is necessary to distinguish between internal flexibility (company umbrella) and external (no company umbrella): the first is acceptable (the company proposes flexibility formulas, providing training and/or other labour rights and duties) but the second (using dismissal as a tool for solving problems) would not be an appropriate solution.

Finally, the stakeholders involved acknowledge that to face employment objectives in European countries, more use of collective bargaining over training provision is required (in particular at sectoral/company levels). In this regard, social partner organisations face a clear challenge when focusing on strategies to modernise the labour market.

## PART I

Social dialogue,  
lifelong learning and  
industrial change:  
a general approach

# 1. Introduction and methodology: a peer learning activity on social dialogue and lifelong learning to support management of industrial change in Europe

*J. Manuel Galvin, Cedefop*

## 1.1. Introduction

Restructuring is not a new phenomenon for industrial systems in European countries. However, since the 1990s it has incorporated another variable as the internal logic of enterprise strategies has taken on new transnational activities in both European and world markets. This dynamic is linked to concepts such as relocation, offshore activity and/or delocalisation <sup>(1)</sup>.

This new dimension probably has encouraged research, literature reviews and/or other debates about evolution of the post-Fordism paradigm <sup>(2)</sup> related to economic, social and employment systems. It has also placed special emphasis on the need to support restructuring processes by European institutions and other international organisations which have progressively realised its multiple and complex consequences.

Further, the continuous and enormous changes, mainly based on technological innovation and fiercer competition among companies in the global market, includes a range of new topics such as digital production, automation and/or flexibility <sup>(3)</sup> which are nowadays key components in understanding the significance of current change trends.

Perhaps, in the long term, such factors could lead to wealth creation offering new growth opportunities but they might also bring serious risk of greater inequalities. In particular, changes can seriously affect those persons whose are not in a position to increase relevant skills and companies which do not cope with rapid industrial shifts through technological investment.

During the current decade, the European Commission and the European social partners have been progressively underlining the importance of the topic; the impact on European economies and employment, plus further consequences in social cohesion, are of importance. Indeed, some approaches by the European social partners (ETUC et al., 2003), communications by the European Commission (2005a) and other opinions delivered by the

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<sup>(1)</sup> The European Monitor Centre for Change (EMCC) has identified seven categories for classifying monitoring of restructuring at European level: business expansion; internal restructuring; bankruptcy/closure; offshoring/delocalisation; relocation; merger/acquisition and outsourcing.

<sup>(2)</sup> Revisiting literature on post-Fordism can be done in Coriat (1979, 1983, 1990 and 1991) and the works of Boyer and Duran (1993).

<sup>(3)</sup> Some interesting works about flexibility in working environments and transformation of mass production into flexible mass production can be reviewed in Boyer (1986); Sabel (1985) Piore and Sabel (1984).

European Economic and Social Committee (EESC, 2006) have stressed the importance of using social dialogue for supporting restructuring and relocation processes.

The mechanisms provided by social dialogue are crucial when facing industrial change. For instance, social partnerships have proven to be essential for the completion of the internal market <sup>(4)</sup> and many examples and relevant practices show that the performance of the social partners is strongly required to identify key success factors for managing change (UNICE, 2006).

In this regard, to promote training provision through collective agreements plays a strategic role in facing technological and organisational changes. The results of negotiations should enable workers and companies to cope with consequences of change, providing appropriate competences to maintain and/or to transfer their professional backgrounds to other production environments.

## 1.2. Background to the activity: the peer learning methodology

In line with these challenges, Cedefop set up a peer learning activity to explore the needs and experiences of European, national, sectoral and company social partners facing management of change <sup>(5)</sup>.

Peer learning reviews are based on sharing good practices on a mutual and voluntary basis. This approach is one of the key tools of the open method of coordination (OMC), launched by the European Council to achieve better the objectives of the Lisbon strategy <sup>(6)</sup>.

This tool is widely acknowledged by the social partners as a working method. Peer learning establishes relevant conditions for sharing experiences in a win-win situation and contributes to general principles of governance since the Lisbon council of 2000.

Further, the open method of coordination in education and training helps develop common approaches between countries and supports integration of education and training issues into the socioeconomic Lisbon goals.

The peer learning activity was organised within the framework of the Cedefop study visit programme. This programme supports policy development and cooperation at European level in lifelong learning, notably in the context of the Lisbon process and the Education and training 2010 work programme, as well as the Bologna and Copenhagen processes and their successors <sup>(7)</sup>.

The activity specifically aimed to test three aspects of industrial change and corporate restructuring at European, national, sectoral and company levels. They were as follows:

- (a) the use of social dialogue to manage industrial change;
- (b) the role of lifelong learning supporting management of industrial change;

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<sup>(4)</sup> Anticipating and managing change: a dynamic approach to the social aspects of corporate restructuring (first phase of consultation of the Community cross-industry and sectoral social partners).

<sup>(5)</sup> The activity gave support to a request from Portuguese social partners of the Cedefop Governing Board, regarding the consequences of industrial change in their home country. For this reason, Portugal has special treatment in the final results.

<sup>(6)</sup> For more information please check: [http://ec.europa.eu/employment\\_social/social\\_inclusion/index\\_en.htm](http://ec.europa.eu/employment_social/social_inclusion/index_en.htm)

<sup>(7)</sup> Cedefop study visits website: <http://studyvisits.cedefop.europa.eu/>

- (c) training promoted by social dialogue as a mechanism to support industrial change.

Accordingly, the peer learning methodology was drawn up to detect and cluster sectoral and company practices (cases) affected by industrial change and involving relevant stakeholders.

The criteria for selecting stakeholders and practical cases were as follows:

- (a) combination of different industrial relation models which are facing different phases of industrial change:
  - (i) Nordic dialogue model approach;
  - (ii) eastern social partners;
  - (iii) Mediterranean social partners.
- (b) sectoral approach taking into account two key variables to select practices/study cases:
  - (i) sectoral industrial change and its consequences for social, economic and employment environments;
  - (ii) the role of sectoral social dialogue in training provision.

Following these criteria, the selected countries were the Czech Republic, Greece, Italy, Portugal, Sweden and the UK <sup>(8)</sup>. The selected sectors were textile, banking and the automotive industries, which are all involved in sectoral restructuring. The ICT sector was included due to its transversal influence on current industrial and technological changes at all levels.

The peer learning activity was undertaken in Lisbon (Portugal). The first day (28 March 2006) a seminar was set up at the premises of the Portuguese University of Labour Science and Human Resources (ISTE), with the aim of providing theoretical and empirical background to participants. The seminar dealt with current European economic, social and labour-market changes in a global context and the role of social partners.

The situation in Portugal was debated in depth and, in particular, in a panel comprising the most relevant Portuguese social partners. The panel tackled the current challenges and opportunities for social dialogue in Portugal. As seen in Section 3, social dialogue in Portugal has been historically a difficult ground for establishing a consolidated social harmony culture.

Over the following days (29, 30 and 31 March) the peer learning activity continued including visits to companies in Lisbon area (Volkswagen AutoEuropa) in Setubal, and Millennium Bank.

The report shows selected contributions from participants during the peer learning; Annex 1 has the full agenda <sup>(9)</sup>. The final cluster of the peer learning review can be seen in Table 1.

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<sup>(8)</sup> The Rover restructuring case was treated during the automotive industry session. As it is well known across Europe, it has not been included in this report. Access to relevant information can be found at: <http://www.eurofound.europa.eu/publications/htmlfiles/ef07801.htm>,

<sup>(9)</sup> For complete access to presentations, please check in Internet Cedefop ETV: [http://studyvisits.cedefop.europa.eu/index.asp?cid=3&scid=81&per\\_id=1405](http://studyvisits.cedefop.europa.eu/index.asp?cid=3&scid=81&per_id=1405) [cited 8.8.2007].



**Table 1:** *Cluster of the peer learning activity on restructuring, social dialogue and lifelong learning: selected stakeholders at European, national, sectoral and company levels*

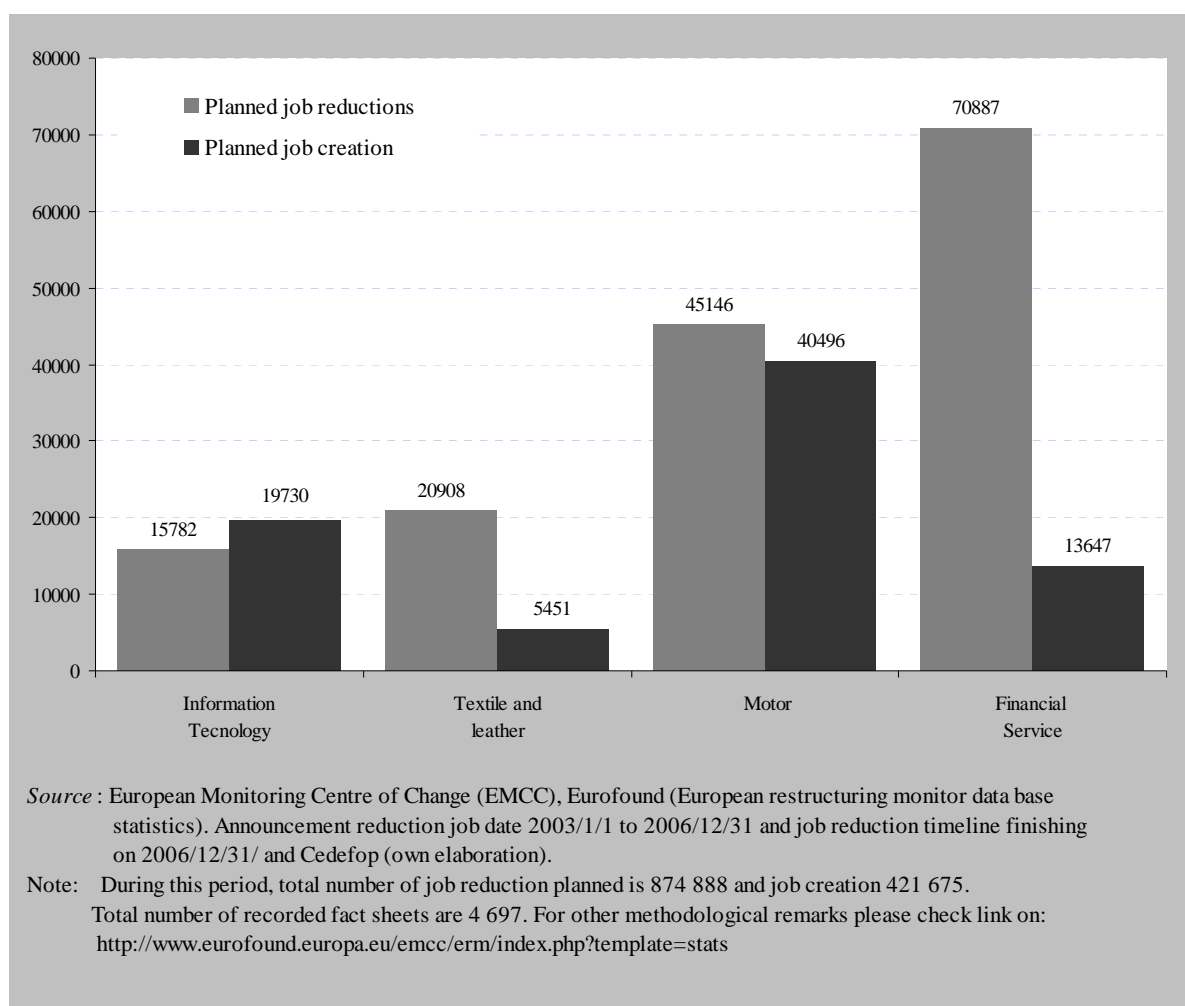
	<b>Textile</b>	<b>Car industry</b>	<b>Banking</b>	<b>IT sector</b>
Czech Republic		Škoda Auto a.s. Czech association of energy sector employers, CSZE (confederation of industry, SPCR)		
Greece	Federation of Greek industries. Greek confederation of labour			
Italy	Filtea (textile and shoes branch of CGIL) Uniontessile (textile branch of Confapi)			
Portugal	Têxteis em Rede Lda.	Volkswagen group (AutoEuropa)	Commercial Bank of Portugal (Millennium) Training banking institute (IFB)	
Sweden			Employers association of the Swedish banking institutes (BAO)	Union of services and communication employees (SEKO)
United Kingdom		GKN Auto Structures Ltd. presenting Rover experience.		
European partners	European Foundation for improvement of working and living conditions (Eurofound)-EMCC team.	Eurofound-EMCC team.	Uni-Finance (UNI Global Union)	

Source: Cedefop, Galvin Arriba, 2006.

The chosen sectors are undergoing change related to their importance to national economies <sup>(10)</sup>. An overview of the restructuring impact on employment in these sectors across Europe is offered in Figure 1.

<sup>(10)</sup> For more details about chosen sectors, please see Eurofound (EMCC) dossiers available from Internet: [http://www.eurofound.europa.eu/emcc/indexes/emcc\\_dossier.htm](http://www.eurofound.europa.eu/emcc/indexes/emcc_dossier.htm) [cited 6.2.2008].

Figure 1: Breakdown of job change 2003-06 caused by restructuring in financial services, automotive, textiles and leather and information technology (EU-27 and Norway) (11)



Only the IT sector has a positive perspective in planned creation of employment during the period 2003-06 with total job creation at 19 730 as opposed to total job reduction at 15 782. The other sectors illustrate a negative effect on job reduction from restructuring.

Financial services and textiles are strongly affected by changes resulting from different causes: financial services is more influenced by a continuous fusion and the impact of new technologies, especially in services and products oriented to internal organisation and clients <sup>(12)</sup>.

<sup>(11)</sup> The European monitoring tool records all industrial restructuring cases according to following methodological criteria:

- cases affecting at least one Member State; entailing an announced or actual reduction of at least 100 jobs; or involving sites employing more than 250 people and affecting at least 10 % of the workforce; or creating at least 100 jobs;
- restructuring cases and employment effects are identified through a press review of daily newspapers and business press in the EU-27 and Norway. Each case is reviewed and recorded in a standardised fact sheet, which allows for the compilation of statistics comparing countries, sectors or types of restructuring.

<sup>(12)</sup> For more information, see Section 4.1 on overview of trends in the textile sector.

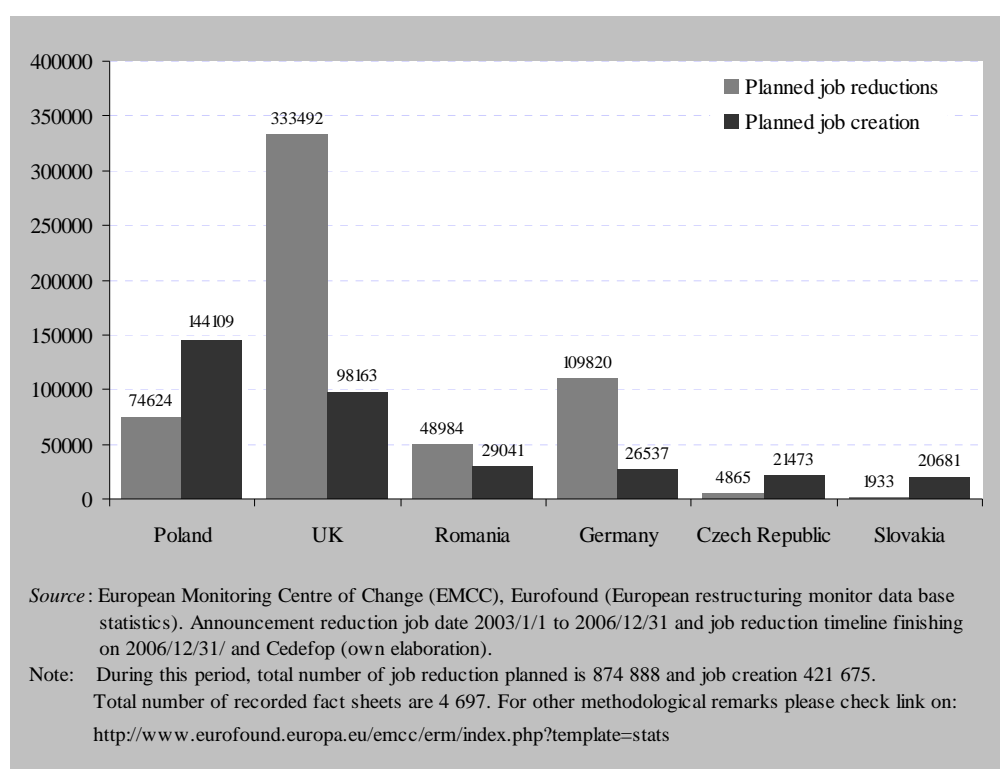
However, the textile sector is experiencing fierce competition from emerging world economies, especially Asian countries. These countries are producing huge volumes and on a cheaper basis.

In addition, the European textile sector (focusing on both Italian and Portuguese cases), is experiencing a negative impact mainly from the lack of protection from unfair competition practices in other economies (for instance, cloning of Italian styles by other low cost competitors) and outsourcing activities and/or relocation of production in other countries (as in the Portuguese textile industry) <sup>(13)</sup>.

In the European automotive industry, two main factors are affecting restructuring: relocation of factories to eastern countries and the current vigorous growth in the Asian automotive industry <sup>(14)</sup>.

A complementary perspective of job reduction and creation in Figure 2 shows how eastern countries seem to benefit more from job creation.

*Figure 2: Breakdown of job change 2003-06 caused by restructuring in selected countries (EU-27 and Norway)*



Eastern countries have a positive dynamic in job creation (the Czech Republic, Poland, Slovakia) while a decreasing trend is affecting Germany and the UK in particular.

<sup>(13)</sup> For a clear overview of Portuguese textile restructuring see the Cristovam (2005) project financed by EC Employment, Social Affairs and Equal Opportunities.

<sup>(14)</sup> For more information, see Section 4.2 on overview of trends in the automotive sector.

## 2. The Lisbon strategy: social dialogue and mobility for growth and employment

*António Bob Santos, Ministry of Labour and Social Solidarity, PT  
Secretary of State for Employment and Professional Training*

The Lisbon strategy set up very ambitious goals in 2000 to achieve by 2010. The strategy was relaunched in 2005 with lifelong learning playing, more than ever, a strategic role in supporting the renewed orientation.

In addition, European social partner organisations have contributed actively in supporting the strategy from different actions in employment and lifelong learning by developing social harmony at different levels. Since European industry stakeholders adopted in 2002 a framework of actions for lifelong development of competences and qualifications, training has become a key part of the social partner agenda for dealing with current labour-market and industrial challenges for European economies.

The major and ambitious objective of the Lisbon strategy, which was approved by the European Council in 2000, was to make Europe, by 2010, the most competitive and the most dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.

An assessment of the strategy was undertaken in 2005, as it had been noted that the results achieved fell short. Some of the factors, such as the lower rates of economic growth, were recorded in the EU as a comparison with initial estimations and/or the differentiated application of the Lisbon strategy in the different countries.

Also in 2005, the European Council asked the Commission to present the revised Lisbon Community Programme, incorporating three major strategic objectives:

- (a) making Europe a more attractive place to invest and work in;
- (b) encouraging knowledge and innovation for growth;
- (c) creating more and better jobs.

Guidelines were also given to Member States for drawing up their national reform programmes. The objective was to have more efficient implementation of the relaunched Lisbon strategy <sup>(15)</sup>. Several topics play an important role in trying to support the objectives of such renewed strategy. They are listed in Boxes 1, 2 and 3.

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<sup>(15)</sup> For instance, in Portugal this programme took the form of the national action programme for growth and jobs, with the timescale 2005-08. This seeks to promote growth and employment by improving qualifications among territories, individuals, companies and institutions and by enhancing the attractiveness of vocational training, social cohesion and quality of working environments.

**Box 1: Key messages to deal with demographic and economic challenges: implications for growth and employment**

The relaunched Lisbon strategy and the national reform programmes also seek to meet two major challenges facing Europe:

- ageing of populations: implications at economic growth level and at the level of the sustainability of the European social model;
- acceleration in the rate of globalisation: greater exposure of the European economy to international competition.

The *Integrated guidelines for growth and jobs 2005-08* (European Commission, 2005e) reflect the main Community guidelines and priorities on employment; prominent among them is the importance of occupational and geographical mobility in terms of increasing employment prospects in the European area and eliminating obstacles to the mobility of labour. In this connection, the importance of key factors is emphasised:

- (a) the need to recognise professional qualifications and skills in the Community area. On this specific point, the importance of adopting the European qualifications framework (EQF) is paramount;
- (b) the need for more favourable support for worker migration in the European area.

The lifelong learning programme 2007-13, highlights also the importance of the mobility of workers through improving their qualifications and their recognition in the European area <sup>(16)</sup>. The implementation of the Bologna process will strengthen the role of universities and other higher education institutions in the mobility of researchers and other academic and scientific staff.

**Box 2: Key message for stimulus funding, innovation and lifelong learning**

- VIth RTD framework programme – support for knowledge and innovation, stimulating cooperation between R&D undertakings and bodies, fostering the mobility of workers and the creation of cooperation networks in the Community area;
- competitiveness and innovation framework programme (CIP 2007-13), the objective of which is to increase the competitiveness of small- and medium-sized enterprises via innovation and knowledge, supporting the establishment of networks of excellence in the European area and the adoption of ICT as promoters of growth and greater social cohesion;
- lifelong learning programme 2007-13, which envisages a substantial financial package to stimulate lifelong learning in the European area.

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<sup>(16)</sup> More information available from [http://ec.europa.eu/education/programmes/llp/index\\_en.html](http://ec.europa.eu/education/programmes/llp/index_en.html) and the Cedefop study visits webpage: <http://studyvisits.cedefop.europa.eu/> [cited 6.2.2008].

*Box 3: Key conclusions from the 2006 spring summit: mobility, employment and social dialogue*

- need for greater interconnection between the various Community policies (education, training, employment, cohesion, competitiveness, etc.);
- accelerating the actual implementation of the *Integrated guidelines for growth and jobs* (European Commission, 2005e);
- importance of the lifelong learning programme 2007-13 also for stimulating growth and employment, via a stronger link between undertakings and the academic and scientific system, stimulating worker mobility.

## 2.1. Social dialogue in the framework of the Lisbon strategy: what is at stake for the social partners?

*Sidney Tiernan, ETUC advisor*

The European Trade Union Confederation (ETUC) represents more than 60 million workers across 36 countries in western, central and eastern Europe. Its membership is made up of 81 national confederations and 12 European industry federations. ETUC is recognised at European level as being the most representative European inter-professional trade union organisation. As a result, ETUC is directly involved, and is one of the key players, in the European social dialogue process.

The other players in this process are on the employers' side which brings together three organisations: BusinessEurope representing the private employers, CEEP <sup>(17)</sup> representing public employers, and UEAPME <sup>(18)</sup>, representing the interests of small and medium-sized enterprises.

What is this social dialogue and how does it work? It is a bipartite process, meaning there are two sides involved (trade unions and employers) all known as social partners. Social dialogue has been recognised as a fundamental element of the European social model and social partners are playing a key role in better governance of the EU. There is a legal base for this in Articles 138 and 139 of the European Community Treaty (European Union, 2006) and implies:

- (a) obligation on the European Commission to promote the consultation of the social partners and to facilitate their dialogue;
- (b) to ensure balanced support for both parties;
- (c) collective bargaining and conclusion of agreements that can be turned into EU Directives if the parties so wish.

The social dialogue process has two levels: interprofessional and sectoral. ETUC is directly involved in the interprofessional social dialogue. In the sectoral dialogue, ETUC's members are leaders and nowadays a total of 29 sectoral social dialogue committees exist.

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<sup>(17)</sup> European centre of enterprises with public participation and of enterprises of general economic interest.

<sup>(18)</sup> *Union Européenne de l'artisanat et des petites et moyennes entreprises* [European association of craft, small and medium-sized enterprises].

Social dialogue has been around since the 1960s and developed considerably since then. The bipartite model, which did not exist in the early days, came to life in 1985. Following this the social partners presented joint opinions, resolutions and declarations. Gradually, with the help from the Maastricht and Amsterdam treaties, the process became sharper and more focused. Social partners then negotiated several agreements, such as parental leave, part-time work and fixed term work, which were transposed into EU legislation.

In 2002, greater autonomy was given to social partners; this meant that the social partners would take decisions, in terms of what to do and how to do it, rather than the EU institutions. This has been an important step. The development by social partners of work programmes 2003/05 and 2006/08 has been a key element.

The first work programme of European social partners was drafted in 2002 and ended in 2005. The current work programme will run until 2008. When ETUC began negotiating the programme, the Confederation was conscious of the Lisbon process, the need to get it back on track and its importance in the bigger picture.

ETUC wanted to ensure consistency between what was done in the social dialogue and what could be achieved in the Lisbon process. BusinessEurope, UNICE and CEEP were also interested in finding these synergies and it was a good news for tackling challenges for the process from social partners' side.

From the outset, ETUC has supported the Lisbon strategy. Faced with the challenges of globalisation, technology innovation and demographic ageing, the Lisbon strategy remains as valid and necessary today as it was in 2000. Further, ETUC believe, and this was confirmed by Chancellor Schüssel during the Tripartite Summit held on 23 March 2006, that social partners have a crucial role to play in the Lisbon process and much greater involvement is necessary, not just at European level but also at national and regional levels <sup>(19)</sup>.

For that reason, ETUC has developed a work programme which embraces several Lisbon major issues. What are these issues and what do we hope to do? The following fields have been detected as crucial factors for supporting the Lisbon strategy:

- (a) the whole debate about demographic ageing, how to promote active ageing and the urgent need to integrate young people into the labour market; these are real and serious issues which are part and parcel of the Lisbon strategy and now integral components of the social partners work programme;
- (b) issues surrounding the knowledge-based economy, lifelong learning and its relevance; these topics, popping up frequently in discussions on the Lisbon strategy, are also enshrined in the ETUC work programme;
- (c) the enlargement process to eastern countries, a sensible and important topic among others, for balancing growth and sustainable development of the EU, is also covered by both social partners' work programmes.

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<sup>(19)</sup> Tripartite Social Summit organised by Austrian Presidency available from Internet: [http://www.eu2006.gv.at/en/News/Press\\_Releases/March/2303schuessel.html?month=4&day=1](http://www.eu2006.gv.at/en/News/Press_Releases/March/2303schuessel.html?month=4&day=1) [cited 6.2.2008].

Regarding enlargement, ETUC is conscious of the need to understand fully the various systems operating in the new Member States, their need for information on how the EU social dialogue operates and their role in it. For this reason, ETUC and the employers' side are in the process of bringing the EU social dialogue to each new Member State for open debate and reflection.

The ETUC plans to extend this debate to the candidate countries, to continue this work of capacity building with the new Member States and see how it can also integrate the old Member States. Part of the work has involved detailed national case studies on restructuring in the 10 new Member States and it hoped to carry out the same type of case work in the EU-15.

In the new work programme (2006-08), the social partners have also made a commitment to carry out joint analysis of some of the key issues facing Europe's labour market, such as demographic change, active ageing, youth integration, lifelong learning, integration of disadvantaged groups, undeclared work, and the balance between flexibility and security.

Because of this emphasis, the European Commission committed itself to organising an extraordinary Tripartite Social Summit<sup>(20)</sup> to discuss demography and flexicurity with the social partners. Based on this broad analysis, social partners will present joint recommendations to the EU and national institutions (ETUC et al., 2007).

The ETUC will prepare a framework of actions on employment to be taken on board by its members and has planned to negotiate an autonomous framework agreement which will be binding on the social partners. This agreement will either be on lifelong learning, or on the integration of disadvantaged groups in the labour market: the decision on which topic will be taken once all information is gathered, analysed and discussed.

The ETUC is convinced that each of these actions, whether a joint recommendation, a framework of action on employment or indeed the agreement, will feed directly into the Lisbon process, ensure that social partners are involved and hopefully steer some of the discussions.

All of this looks good on paper, as does the Lisbon strategy. For the ETUC, it is the outcome that matters and, for that reason, the Confederation was critical during the Tripartite Summit. The European workforce worries about insecure jobs spreading throughout the economy, about rising poverty and social exclusion. They reject a policy agenda that, using the alibi of 'business-friendly' competitiveness, will make matters worse by reducing wages, working conditions, social protection and prolonging working hours.

The ETUC called on the Spring Council 2006 to rebuild workers' confidence and support for Europe by:

- (a) endorsing the European Parliament's vote on the Services Directive without watering it down;
- (b) stressing that social Europe and workers' rights are a force for productive change. The Council should engage in drawing up a European roadmap for social justice and fair working conditions;

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<sup>(20)</sup> Held in Lisbon 18 October 2007.



- (c) endorsing the proposal for a European pact for gender equality by including a special focus on gender equality in the national reform programmes and the Commission's *Annual progress report*;
- (d) rejecting an economic model that accepts 20 million citizens are unemployed. The European economic model should be reformed by balancing stability-oriented economic policies with policies that promote a growing and dynamic economy.

In its work through the social dialogue, the ETUC is making a concerted effort to ensure that social partners are involved in the process, can make a real input on issues of substance and, eventually, negotiate an agreement on a subject which will copper-fasten a part of the Lisbon strategy.

The work has only started and there is a long way to go, but the ETUC believes, with this work programme, the social partners are on the right track to ensuring that the impact of our joint action will make a real difference to workers and companies alike. To do this, however, the full engagement of all parties will be critical.

## 2.2. European social dialogue in lifelong learning in the framework of the Lisbon strategy

*J. Manuel Galvin Arribas, Cedefop*

The social partner organisations have a long tradition in contributing to developing training at different levels. Nevertheless, since the Lisbon strategy was launched in 2000, the European social partners have intensified contributions in both employment and lifelong learning policies.

Due to their position in the production context, employer and employee organisations acquired broad experience in promoting training, an essential aspect of employability and competitiveness for companies and the workforce in the current context of market internationalisation.

In 2002, as a contribution to the Lisbon strategy, European social partners adopted a framework of actions for the lifelong development of competences and qualifications, so linking social dialogue to lifelong learning. This framework of actions <sup>(21)</sup> is an example of a measure complementary to the European policy framework agreed between the Member States and the European Commission taking into account the different agendas and developments in the cross-sectoral and sectoral social dialogue at Member State level (Leney, 2005).

Further, the framework of actions should be considered a key achievement in the context of the Copenhagen process (European Commission, 2002) on enhanced European

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<sup>(21)</sup> According to the terminology of DG Employment and Social Affairs a 'framework of action consists of the identification of certain policy priorities towards which the national social partners undertake to work. These priorities serve as benchmarks and the social partners report annually on the action taken to follow-up these texts'. Available from Internet: [http://ec.europa.eu/employment\\_social/social\\_dialogue/](http://ec.europa.eu/employment_social/social_dialogue/) [cited 1.4.2008].

cooperation in vocational education and training (VET) initiated in 2002 and as well as a crucial contribution to the education and training programme up to 2010.

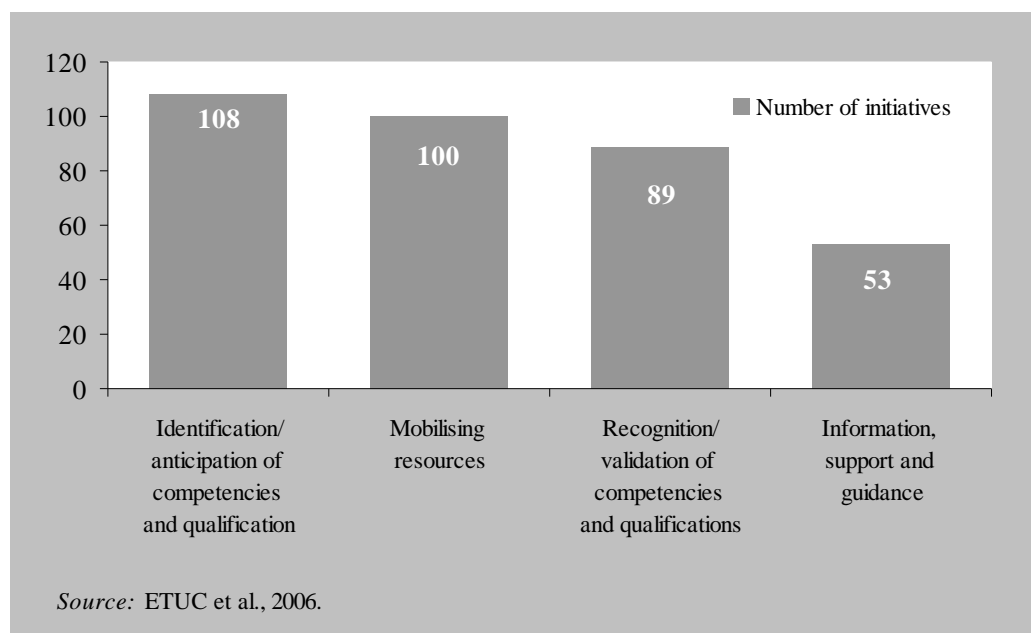
The subsequent *Maastricht communiqué* (European Commission, 2004) and *Helsinki communiqué* (European Commission, 2006) adopted by the European Ministers of VET, the European social partners and the European Commission, reinforced the important role of the social partners in implementing and supporting the priorities of the Copenhagen process.

This joint framework of action focused on a range of training strategies and projects with four priorities identified by the social partners: to identify and anticipate competences and qualifications needs; to recognise and validate competences and qualifications; to inform, support and provide guidance; and to mobilise resources. The variety of national training systems and practices is coherent with such priorities.

Since 2005, the involvement of eastern European countries in the strategy has been crucial in strengthening cooperation between social partners themselves and in reinforcing cooperation with sectoral bodies. These synergies are contributing to strengthening social harmony on lifelong learning issues and targeting objectives more accurately.

The evaluation report of the framework of actions delivered in 2006 by ETUC, UNICE<sup>(22)</sup>/UEAPME and CEEP reveals more than 350 examples related to the four main priorities. The distribution of the initiatives can be viewed in Figure 3.

Figure 3: *Framework of actions for lifelong development of competences and qualifications: total number of examples (2002-05)*



The key message of the evaluation report is that the four priorities remain valid. The results indicate social partner concerns to link education and training issues with labour

<sup>(22)</sup> Now BusinessEurope.

market needs and their desire to make the provision of training more sustainable through financing formulas.

Recognition and validation of competences and qualifications acquired relevance and is particularly important in setting up national and sectoral qualifications frameworks linked to the European qualification framework (EQF). In addition, information, supporting and guidance actions should be developed further in relation to key objectives and areas of cooperation for VET in the framework of the Lisbon strategy for 2010.

Further, the joint declaration of the mid-term review of the Lisbon strategy between social partners at European level underlined the importance of developing strategies on specific areas related to current economic and labour changes (ETUC, 2005c). Some of those key elements link employment, productivity, flexibility and skills needs for better support of the Lisbon strategy:

- (a) innovation in products and processes;
- (b) efficiency use of resources by focusing R&D;
- (c) promotion of lifelong learning to improve competences and qualifications.

It seems clear that the Lisbon strategy has encouraged social dialogue processes related to lifelong learning issues. The effects of globalisation have become more visible across economic sectors, and improved skills and competences are needed in the working environment.

In October 2007, European cross-industry social partners (ETUC, BusinessEurope, UEAPME and CEEP) delivered a joint analysis on *Key challenges facing European labour markets*. This will be the basis for future framework agreement on both the integration of disadvantaged groups into labour markets and on lifelong learning (ETUC et al., 2007).

The analysis covers all core aspects of the Lisbon strategy such as growth, employment, productivity, demography, job creation, contractual arrangements, active labour-market policies, education and training and lifelong learning, social cohesion, mobility, and other elements of job quality.

Following recent developments, the cross-industry European social partners have selected several key issues in supporting provision of more and better jobs, offering recommendations to be considered by Member States and European institutions. Finally, the social partners underlined the importance of designing labour-market policies addressing the flexibility and security dimensions (European Commission, 2007).

## PART II

Social dialogue, lifelong  
learning  
and industrial change in  
Portugal:  
crossed perspectives

### 3. Social dialogue in Portugal: current national, sectoral and company challenges

*José Ramirez: Apoceep and Cedefop governing board member*

Social dialogue in Portugal during recent years has been determined by changes in the Labour Code trying to combine demands from trade unions with those of employers who are looking for a more flexible workforce.

In January 2005 the first bipartite agreement was signed between Portuguese stakeholders with a view to stimulating collective bargaining. This agreement facilitated the conclusion in February 2006 by the Portuguese unions and employer confederations of a bipartite agreement on VET seeking improvement and implementation of some aspects of the Labour Code. In February 2006 a bipartite agreement on vocational training was signed. In March 2007, the Portuguese government and the social partners established the *Agreement for the reform of the vocational training*.

From trade union perspectives, training is more than ever a key issue for dealing with industrial change and it must be included in negotiations between employers and unions to promote cultural change within the industrial relations framework in Portugal.

#### 3.1. Background to the Portuguese situation

##### 3.1.1. State of affairs

The deterioration of collective bargaining in Portugal cannot be explained by the worsening of the economic and social situation in 2004; nor was there a substantial cutback in the structure of workers' and employers' representative organisations. The causes can only lie in the changes to the *Código do Trabalho* (Labour Code), which came into force immediately prior to the collapse of collective bargaining.

This is a serious problem with repercussions for the country's competitiveness that far exceed the immediate damage the most optimistic liberal calculations might determine. To respond to this problem we must be alert and act at a political level, where necessary, without delay <sup>(23)</sup>.

Portugal does not have a strong culture or tradition of social dialogue as a tried and tested, regular, successful and deeply-rooted process conducted in a stable, constructive and permanent way at any of the levels at which its development is possible and desirable. The positions normally adopted by the social partners have usually been neither proactive nor creative in making use of and developing social dialogue, particularly collective bargaining.

Collective labour regulatory instruments have mostly been characterised by stagnation and had little value. Frequently they have not been amended to suit the new situations they

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<sup>(23)</sup> Minister for Labour and Social Solidarity of the XVIIth Constitutional Government, José António Fonseca Vieira da Silva (speech on 13.4.2005, in the Parliamentary debate on collective bargaining).

need to respond to, particularly as regards the organisation of companies and the labour market. This is why negotiations usually focus on little more than a review of pay scales and clauses on remuneration.

The fact that working conditions in Portugal are mostly negotiated at sector level and defined by law means that, until a short time ago, and except for special cases with a higher media profile, the agreements reached through company-level bargaining on the organisation of work have not been widely publicised. The extent of the phenomenon is, therefore, unknown, though it is thought to be on the increase.

Historically companies consider company-level bargaining to be too formal, arguing that trade unions bring discussions on global issues, not directly related to immediate situations, to be negotiated in the company along with the need to implement company-level bargaining.

The Portuguese legal system includes rules relating both to the capacity to conclude agreements (only trade unions on the workers' side) and to their regulatory effectiveness (having binding force as a source of law only after they have been published in the *Boletim do Trabalho e Emprego*, which has hindered such company-level collective bargaining (Cristovam and Casinha, 1998).

Despite this, the renewal of company-level and multi-employer agreements is more autonomous than the sectoral collective agreements, i.e. they are more independent regarding the publication of legislation. The greater proximity of bargaining to its application fosters the involvement and commitment of the parties concerned in relation to problems which are much more company-specific. It must be added that company-level agreements generally determine work statuses which are much more favourable to workers than the collective agreements (da Conceição Cerdeira, 2004).

Sector-level collective bargaining is influenced much more heavily by political interests. As bargaining stands at the moment, themes are not planned in a clear agenda, and it is difficult to come up with anything new. The social partners, and in particular trade unions, seem to be more concerned about the management of risk experienced on a day-to-day basis <sup>(24)</sup>.

### 3.1.2. Some empirical evidences

Between April and September 2003, a survey of collective bargaining, practice and policies related to human resources and labour relations in the largest companies operating in Portugal, was developed by the Centre for Research and Studies in Sociology (CIES) and the Institute of Work Sciences (ISCTE) (Stoleroff, 2003). Some results are as follows:

- (a) regulation of labour relations at company level. Some results as percentages extracted from the total sample of respondents without ranking:
  - (i) 12.2 % assumed that no agreement applicable to labour relations in the company exists;
  - (ii) 64.3 % referred to a collective agreement for the sector;

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<sup>(24)</sup> Cristovam, 2005. For a complete perspective of the evolution of Portuguese industrial relations system, please check reviews on EIRO (Eurofound) available from Internet: <http://www.eurofound.europa.eu/eiro/2007/country/portugal.htm> [cited 7.2.2008].

- (iii) 5.5 % referred to a multi-employer agreement;
  - (iv) 11.8 % had a company-level agreement,
  - (v) 2.0 % referred to the existence of a regulatory decree or extension order,
  - (vi) 4.3 % did not respond.
- (b) bargaining at company level:
- (i) in 18.8 % of companies there was another form of bargaining relating only to the company, albeit informal, between management and staff representatives, usually focusing on wages;
  - (ii) up to 10 % of the largest companies had some form of company-level bargaining that goes beyond the scope of conventional collective bargaining;
  - (iii) unionised companies more often had informal bargaining than non-unionised companies.

In 2005 there was a bargaining deficit which affected at least 600 000 workers in addition to public administration personnel. The accumulated deficit is much greater (UGT, 2006a).

The failure to renew agreements is one of the major obstacles to collective bargaining in Portugal. Every year for some time now, since it is not a new phenomenon, sectors have disappeared from the agreements published. Some causes have been identified: dissolution or deactivation of employers' associations, replacement of sectoral agreements by company-level or multi-employer agreements, and, no matter how controversial, gross breaches of the right to collective bargaining by employers or employers' associations affecting thousands of workers (UGT, 2006b).

On the positive side, there has been an average increase in earnings which has outstripped average inflation in the last two years, allowing a slight increase in the earnings covered by collective bargaining. Note should also be taken of the absolute and relative number of global agreements published, which is a good indicator and a good example of the practice of renewed collective bargaining, a trend that did not continue in 2006, though this could be a chance occurrence. Another positive effect was the enhancement of the agreements reached in 2004 and 2005, either through their complete revision or in terms of aspects included.

The year 2005 confirmed that rules and procedures must be changed, so that genuine bargaining can take place in the public administration, both in updating wages and in working conditions and workers' rights and duties. It must also be noted that agreements have been published and negotiations have begun in institutions and companies overseen by the State and by local authorities (UGT, 2006a).

In the first three months of 2006, 47 collective agreements were published which covered 140 940 workers, compared to 54 collective agreements and 191 781 workers in the same period in 2005. More than half the workers (58 %) are included in three sector-level agreements.

No substantial changes have been recorded at sectoral level. The major agreements in civil engineering and public works, chemicals and manufacturing, trade and automobile repairs have been negotiated. The case of the ceramics sector, which has been unresolved since 2000, is yet to be clarified. In the social sector the major agreements with the

Portuguese welfare system (*Confederação Nacional das Instituições de Solidariedade*, National Confederation of Solidarity Institutions) and charitable institutions have yet to be defined.

Trade union organisations are anxious to stress that a substantial proportion of the agreements concluded have arisen out of company-level agreements, which also explains the restricted number of workers covered.

In the first quarter of 2006, employment did not increase, collective dismissals continued to make thousands of workers unemployed, and the economy did not improve. Recently the Lear Corporation in Valongo announced the dismissal of around 300 workers by the end of the year, which led Sindel (National Trade Union Confederation of Energy) to forecast the closure of the sector by 2010 and the relocation of companies to eastern European countries; they also appealed to the Prime Minister.

So, industrial relations in Portugal is experiencing collective dismissals, insecure employment and companies that do not increase wages or improve their employees' working conditions. There are also agreements which are not negotiated quickly enough and which are not published.

The positive factor lies in the publication of certain changes to the Labour Code in the sphere of collective bargaining. Now the changes introduced into the Labour Code cannot be used solely to generate more accusations with a view to ensuring that agreements lapse; even less can they be used for arguments to prevent collective bargaining being carried out in good time and on a regular basis. Collective bargaining will probably bring, in the medium-term, changes that will have a direct impact on negotiations in progress and on those about to begin.

The increase in the number of company-level agreements will continue and is tending to increase. Collective bargaining is blocked and delayed in several sectors, however, basically in the manufacturing industry as a whole and in almost all the regulations to some extent (UGT, 2006b).

### **3.1.3. Government proposals and actions <sup>(25)</sup>**

There is a challenge to implement – by law but particularly by collective bargaining – a new and more flexible social engagement which is better adapted to skill requirements, the challenges of competitiveness and the problems of balancing work with personal and family life.

The government maintained that no revision of labour legislation can be adequate if it does not promote national social dialogue and harmony, and collective bargaining and workers' participation in decisions about them at sectoral and company level.

The government has undertaken to adopt the following measures:

- (c) to put mediation and arbitration into operation and to promote mandatory arbitration whenever one of the parties asks for it to prevent a collective agreement from lapsing or significant interests of a public nature are at stake;

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<sup>(25)</sup> From the present government's programme.



- (a) to set up an independent committee responsible for assessing the impact of the Labour Code on industrial relations with a view to drafting a white paper on industrial relations in Portugal within the first year of the legislature;
- (b) to relaunch social harmony with a view to concluding an agreement that specifies the commitments of each social partner in promoting employment, social equality and business competitiveness.

The government's agenda is clear and pragmatic, and involves three parallel paths:

- (c) changes to the Labour Code;
- (d) promoting mandatory arbitration;
- (e) making use of the mechanisms for extending collective agreements or arbitration decisions; making use of them whenever possible to prevent important areas of our economy from falling outside the protection of agreements.

### **3.1.4. Joint social partner and government proposals and actions**

In 2004 the *União Geral de Trabalhadores* (UGT, General Union of Workers) presented its proposal/draft standard collective agreement with a view to creating conditions for effective bargaining in sectors and companies. They are committed to this objective.

With the XVII Constitutional Government on Portugal taking office in 2005, the process of social harmony was resumed along the major lines of the reforms and policy measures. A schedule was drawn up for a range of themes to be addressed within the Committee <sup>(26)</sup>:

- (a) labour legislation and collective bargaining,
- (b) employment and training,
- (c) occupational safety, hygiene and health and the prevention of accidents at work,
- (d) productivity, competitiveness and innovation,
- (e) social security,
- (f) budget policy and the prevention of fraud and tax evasion,
- (g) training and vocational qualifications,
- (h) public administration reform.

In January 2005 the first bipartite agreement was signed with a view to stimulating collective bargaining. As result of this stimulus, two key milestones must be emphasised:

- (a) in February 2006 the second bipartite agreement was signed, which was devoted to vocational training. All unions and employer confederations represented at the tripartite Standing Commission for Social Harmony (*Comissão Permanente de Concertação Social*, CPCS) signed a bipartite agreement regarding vocational training (*Acordo visando a Formação Profissional*, AFP 2006).

The agreement seeks to improve the implementation of VET as a priority in collective bargaining; to strengthen the social partners' position in all bodies relevant to VET and to create new tools to support and monitor VET (31 Aug 2006) <sup>(27)</sup>.

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<sup>(26)</sup> Within the *Economic and Social Committee's Standing Committee for Social Consultation (CPCS)*.

<sup>(27)</sup> For more information please see Eurofound (EIRO) national highlights for Portugal (2006): <http://www.eurofound.europa.eu/eiro/2006/03/articles/pt0603019i.html> [cited 20.8.2007].

- (b) In October 2006, the tripartite agreement (with the involvement of the government) on the strategic lines of social security reform was signed.

The most relevant milestone in social harmony and lifelong learning at tripartite level occurred on 14 March 2007. The government and the social partners represented in the Standing Commission for Social Concertation (CPCS) established the Agreement for the reform of vocational training (*Acordo para a Reforma da Formação Profissional*). The agreement complements the commitments made in the above mentioned bipartite agreement regarding vocational training signed in February 2006 <sup>(28)</sup>.

### 3.1.5. Others situations and practical cases

#### *European agreement on telework*

The transposition of the EU framework agreement on telework became law in Portugal (Law 99/2003 from 27 August 2003, Art. 233 to 243 of the Labour Code) even though social partners disagreed on the opportunity to implement the EU framework agreement through legislation at national level. The government took the decision to integrate the provisions of the EU framework agreement through a revision of the labour Code in 2003. Trade unions wished to enter negotiations with employers on two further issues: the organisation of work in call centres and the status of self-employed teleworkers. However, employers were not in favour of doing so since these two forms of telework were not covered by the EU agreement.

#### *European agreement on stress*

At national level there are not many initiatives to report. The change in government, the dissolving of the National Institute for Health and Safety and its replacement by another institution that still does not have an organic law and a formal body to represent the social partners, plus the existence of some urgent subjects to be dealt with first, there were not many chances to begin a strategic bipartite or tripartite approach to the European framework agreement on work-related stress.

The UGT, however, translated the agreement into Portuguese; this was disseminated via trade union web sites. Afterwards, the Portuguese Industrial Confederation discussed the translation with UGT, and an agreement was reached on the final text. The translation is being used by specialised training institutions (for instance in courses for 'level 5 and 6 engineers'). The Portuguese Industrial Confederation is currently preparing public action to disseminate the content of the framework agreement.

#### *Highlight at company level*

*CP Caminhos de Ferro Portugueses* (Portuguese Railways), and the bank *Montepio Geral*, both members of Apoceep, are currently developing projects on work-related stress. The project has three main aspects. First, it deals with internal communication policy, to explain and anticipate changes in the company. Second, it deals with the external violence to which

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<sup>(28)</sup> Please, check: <http://www.eurofound.europa.eu/eiro/2007/04/articles/pt0704029i.htm>

workers in the railway sector are exposed. Third, it gives guidance on how workers should deal with the constant changes in their working time shifts.

## 3.2. Social dialogue and vocational training in Portugal: a trade union perspective

*Giorgio Casula, General Confederation of Portuguese Workers (CGTP/IN) – vocational training expert*

### 3.2.1. Introduction

Lifelong learning is both an individual and societal requirement. It must respond not only to immediate needs in what we term the developed countries, where workers must adapt continuously to the new processes of production, but also because different attitudes are needed to the problems of society today. This means as citizens, with awareness and action in social and professional communities.

However, lifelong learning today is viewed especially from the point of view of professional competences, because these should guarantee the survival of the European companies facing strong competition and globalisation. This requirement is even more crucial in Portugal, considering the low qualifications of its population.

It is necessary to acknowledge that the requirement to continue to train constantly is not easily understood by many citizens; it is also not easy to acknowledge, especially if it is felt to be an obligation and not a personal need. This feeling is particularly evident in Portugal.

Even if social dialogue seemed, for several years, an essential asset at European level, it is still too often seen as a means of making workers and their representatives understand the great economic challenges of the moment and that they must be prepared to make sacrifices.

Social dialogue is still too often regarded as a space to reflect on economic requirements, such as the flexibility of work or wage bargaining, but less on the requirements of better working conditions, better salaries and equal opportunities, i.e. the measures that can also help workers to feel more recognised and to be more productive.

In speaking of vocational training, lifelong learning and the social dialogue, it is necessary to consider the different interests at stake: those of companies and those of workers. It is also necessary to understand the differing situations in the Member States.

The analysis of the historical evolution of each State, at the economic, political, social and cultural levels, helps us to understand certain aspects of the current reality. The long period of dictatorship in Portugal, which ended in the Carnation Revolution (April 1974), explains the current situation and the distance still to travel to meet challenges.

### 3.2.2. The situation in Portugal

Before looking at the problems of vocational training in the social dialogue process as we understand it today, we would be well advised to understand the role accorded to educating the working class during the recent history of Portugal.

During the last decades of the dictatorship period, schooling was mostly focused on the middle and upper classes. In the 1960s and 1970s technical and vocational training made its appearance, though in a limited form. It was only after 1974 that these matters underwent significant change.

In 1989, the period of compulsory schooling was raised from six years to nine. At the same time, technical vocational schools, closed in 1974 within the framework of the policy of unification of secondary education, began to be opened. This mainly explains the current low schooling and low occupational qualifications of most of the population.

Quoting Ilona Kovács (1994), it can be said that until April 1974, vocational training had two institutional dimensions. One was developed through technical training, an alternative system to high schools, with a maximum duration of six years, offering young people training and a profession and enabling them to enter the labour market directly as part of the groups of skilled workers. The second was developed through the Institute of Accelerated Vocational Training. The creation of this Institute, within the framework of the General Directorate for Labour, in the 1960s, reflected the growing need for skilled manpower by industry, accentuated by the wave of emigration towards Europe and by the colonial war which started at that time.

However, the way in which secondary education was unified in 1974, under the pretext of avoiding premature specialisation and enhancing equal opportunities, resulted in dismantling the existing vocational training and school mechanisms, without putting alternative systems in place. Higher polytechnic education was set up in 1979 to extend technical training at a higher level and to regionalise educational structures. This, however, did not appeal to young people (Kovács, 1994, p. 96).

Even today, young people prefer to follow university courses which are more prestigious, although current supply for higher level university qualification exceeds demands and current skill needs in the labour market. However, vocational training is gaining in importance and certain factors nurture its development. In 1979, on the basis of the first employment and training services, the Portuguese Employment and Vocational Training Institute (IEFP) was set up to manage the employment and vocational training centres created by the first government in the democracy.

In 1985 the social partners became involved in managing the IEFP via the Council of Administration, a tripartite consultative body. Since 1986 the CGTP/IN <sup>(29)</sup>, the largest central trade union, being aware of the crucial importance of workers' training, has also joined forces and organises vocational training courses for workers in employment throughout Portugal.

In 1989 it also set up an initial vocational training school and, in 1998, a distance learning institute. At the beginning of the 1990s an agreement on social consultation on

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<sup>(29)</sup> General confederation of Portuguese workers/Inter-syndicate National.

vocational training was signed by all the social partners. This agreement envisaged new training instruments and giving training access to social partners and private bodies on the basis of State protocols.

During this period, the European Commission inaugurated the Community support mechanisms, which form the basis of the national operational programmes. In Portugal this allowed joint funding of initial vocational and technical training courses and continuous vocational training for actively employed workers and the unemployed. At the same time, the government decided to widen the vocational training offer, partly because the public network did not have the capacity to satisfy all needs but also to adapt the training offer better to sectoral needs.

Nearly a score of vocational training centres were set up, managed jointly by the Portuguese Employment and Vocational Training Institute (IEFP) and other public and private entities, including the social partners. However, these centres must adhere to the same criteria and the quality and funding requirements as the IEFP training centres. In 1998 the CGTP/IN created Inovinter (Vocational and Technological Innovation Centre) <sup>(30)</sup>.

In addition, during this period many enterprises calling themselves 'training bodies' sprung up but, according to CGTP opinion, the quality of training often left a lot to be desired and the training offer did not seem to be in line with demand. The social partners and public bodies had common views on better adapting to training needs and ensuring high quality vocational training required by regulating the vocational training supply.

The government set up the Institute for Innovation and Training (Inofo) to provide support to training centres by offering innovative and quality content and ensuring highly qualified trainers. Needs and monitoring have increased, resulting in the disappearance of dozens of centres which did not meet the grade and abolition of inferior programmes run by businesses only interested in making profits. Since then, all training bodies must be approved by Inofo and the trainers must have a recognised qualification, also awarded by Inofo. In 2004, this entity became the Institute for the Quality of the Training with the same remit but with increased emphasis on the training quality.

It must be understood that few years have passed since the Portuguese gained the possibility not only to attend school longer but also to receive continuous vocational training of superior quality. Currently schooling and qualification are still relatively low.

According to the census in 2001 (INE, 2004), Portugal had a population of 10 356 117, of which 14.25 % had no schooling. Almost 50 % had a maximum of four years schooling. Almost 74 % had only complete lower secondary education (nine years schooling).

Looking at the working population, and comparing the schooling of the youngest and the oldest age groups, it is possible to see the enormous leap which was made since 1974 (please see Table 2).

These percentages, of course, have changed since 2001, because young people are attending school longer. Unfortunately, Portugal still has a high school drop-out rate. In 2002, nearly 40 % of the young people who started secondary studies did not complete them.

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<sup>(30)</sup> Available from Internet: <http://www.inovinter.pt/> [cited 7.2.2008].

*Table 2: Schooling of the age group 15-29 years and 45-64 years*

	<b>15-29 years</b>	<b>%</b>	<b>45-64 years</b>	<b>%</b>
Total	2 294 248	100.0	2 451 018	100.0
Potentially employable	1 450 821	63.2	1 492 074	60.8
Without any education	5 461	0.2	52 469	2.1
With school education	1 445 360	63.0	1 439 605	58.7
Basic education	683 060	29.8	1 086 381	44.3
first cycle (four years)	121 850	5.3	836 487	34.1
second cycle (two years)	294 046	12.8	122 998	5.0
third cycle (three years)	267 164	11.6	126 896	5.2
Additional secondary education	483 054	21.1	161 577	6.6
Superior secondary education		0.1	20 134	0.8
Higher education	279 246	12.2	171 513	7.0

Source: Adapted from INE, 2004.

That said, it should be noted that schooling of company directors (98 % of companies are micro or small and medium-sized enterprises) is not much higher.

### 3.2.3. Trends in-company training

If investment in human capital appears obvious for many companies in other European countries, in Portugal the case is rather different. The last study of in-company vocational training carried out by DGEP, The General Directorate for Studies, Statistics and Planning, affiliated to the Ministry of Labour and Social Solidarity, covers the years 2000-03 and a total of 8 669 businesses (DGEEP, 2005).

It shows that in 1997 some 10.7 % of them provided vocational training for their workers, but this had risen to 18.7 % in 2003 with training provided for 636 100 individuals, corresponding to almost 19.6 % of all workers in these businesses. This is a substantial increase but seems insufficient to catch up in empowering the active population; businesses still exist which have no vision of becoming learning organisations.

Another study carried out by the Institute for Qualification and Training (IQF, 2004) and based on 2002 data from a sample of 2 751 companies in various sectors, shows that the oldest companies provide more training and it is in the larger companies that there is more training and for a higher number of workers. The study reveals that 46.4 % of those which organise training are companies of 250 or more workers, whereas those which have less than 50 workers showed a figure of 17.6 % and those with 50 to 249 workers accounted for 26.3 %.

What reasons are given by companies which do not provide training? Some 53.4 % stated that the qualifications of their workers satisfy the needs of the company. 40.5 % said training is not an activity of the company, while 12.4 % state they are not informed on the issue. Worse still, 87.4 % of the companies not providing training do not intend to do so in the coming four years.

All this data shows that the entrepreneurial culture has little interest in development of competences or lifelong learning. There is still a large majority of companies which consider

that it is necessary to continue to specialise in the production of low-quality products, based on intensive work, low qualification and low wages. Few companies believe in the need to transfer to products of higher quality with a higher added value.

That is not only a structural problem for companies, especially visible in micro enterprises and associated with financial and logistic difficulties. It is also a question related to entrepreneurial culture in Portugal: more than half of the companies are not aware of the training needs of their employees and only 8.5 % of companies consider they do not have the financial resources necessary to cover training costs.

This picture becomes even more uncertain when analysing data on training recipients. In general, training is directed mainly at the more qualified levels (managers, executives and specialists), which reveals severe distortion in access to training.

#### **3.2.4. The evolution of social dialogue in Portugal from a trade union perspective**

The search for social harmony between the social partners and the government has been a long and difficult process. Even though in 1975 the trade unions acquired the right to strike and liberty of action, and even though a system of industrial relations and representative democracy was installed, it was not until 1984 that the Permanent Council for Social Harmony was set up.

The first agreement on social harmony was signed by all the social partners in 1987 but a new government elected the same year attempted to push through measures on the Labour Code which were opposed by the two central trade unions, the CGTP/IN and the UGT.

Later agreements were not signed by the CGTP/IN. Fortunately, one of the rare agreements signed by all the social partners, was that on vocational training policy (CPCS, 1991). Only 10 years later, in 2001, two new agreements were signed by all the partners within the framework of the Economic and Social Committee:

- (a) the agreement on working conditions, hygiene and security at work and action against accidents at work (CPCS, 2001a);
- (b) the agreement on employment policy, labour-market policy, education and training (CPCS, 2001b).

Facing these fundamental challenges was an important landmark in the awareness and engagement of the principal social actors. The agreement on employment, labour market and education and training policy was completely in tune with the national action plan for employment, itself elaborated following the challenges of the European Employment Strategy launched by the European Council in Lisbon in 2000. This had three broad aims: the fight against low schooling and professional qualification; to promote quality employment; and to act through real and integrated policies on employment, training and the creation of jobs.

In practical terms, more than 50 measures were defined.- The principal three areas are as follows:

- (a) promotion of quality in training and in certifying competences with, in particular, the creation of the National Advisory Council for Vocational Training; the development of training and qualifications for those in employment and reinforcement of competitiveness

of companies introducing the obligation for the companies to facilitate access to vocational training for their workers; regulation and the widening of the system of recognition, validation and certification of competences (RVCC) acquired both informally and non-formally;

- (b) initial training and transition to work, including a training clause for young people under 18 years who show commitment;
- (c) increasing the levels and the quality of employment.

These were laudable intentions, which deserved the agreement of all partners, but the government changed again during 2001 and most of the measures envisaged in the agreement were not put into practice. In 2003, the new government adopted a new Labour Code and new vocational training provisions, taking on board only partly the measures contained in the agreement of 2001.

The Labour Code had been the subject of more than six months of negotiations between the government and the social partners<sup>(31)</sup>. The results were divided. Only the UGT and the Portuguese Industrial Confederation approved the final government proposal. The CGTP/IN refused to sign as it had major concerns over the broad outline of the code. Then, the Code was approved by Parliament in August and came into effect in December of the same year. The CGTP/IN voiced its total disagreement in a general strike<sup>(32)</sup> on 10 December 2002.

However, the dialogue between the government and the two sides of industry was supposed to ensure an adequate balance between companies' need for modernisation and adaptation and workers' need for safety and protection. After the approval of the code, new negotiations were launched between social partners and the government to culminate in a regulation.

The government presented the social partners with a draft law on vocational training. This draft was heavily criticised by the social partners, so much that in September the government decided to withdraw it and a new version was presented in January 2004. Again this was not accepted by the CGTP/IN but it is still applicable today.

However, social partners agreed on another issue: the enactment and creation of a National Council on Vocational Training in which they would participate to monitor vocational training policy. The decree-law which created the Advisory Council was passed in January 2006 but the committee has yet to meet. In addition, it is beyond doubt that all agree with reinforcing and widening the network of centres of recognition, validation and certification of competences (RVCC) (Lopes, 2004) acquired throughout life. With the creation of such a system in 2001 Portugal was the pioneer at European level.

RVCC centres allow Portuguese citizens over 18 years of age, without diplomas, to have competences acquired during their lives, in particular during professional life, recognised and certified by various adapted methods. Since the first phase, launched in 2000, it is possible to certify school competences and to obtain a school diploma equivalent to the fourth, sixth or ninth year of schooling.

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<sup>(31)</sup> For more on evolution of the important issue of Labour Code in Portugal, see da Paz Campos Lima and Naumann (2007).

<sup>(32)</sup> For more information see Cristovam (2003).



In 2005, pilot projects started for certification in certain professions, something more difficult to implement given the practical conditions and requirements that this implies. Generally, the social partners are in favour of these centres and raise awareness among workers to make use of them because they open the doors to new training paths and to the possibility of career progression.

At sectoral level things are little different and the situation is even more uncertain given the evolution of collective bargaining. The number of collective bargaining agreements is falling repeatedly and, since the entry into force of the Labour Code in 2004, which is more flexible on this issue, these are called into question by companies and employers' associations.

This explains the findings of the *Livro verde sobre as relações laborais* (Green paper on labour relations) (Dornelas et al., 2006), presented by the Ministry of Labour and Social Solidarity on April 2006. This study shows that in 2004, there was a reduction of 50 % in the number of workers covered by collective bargaining agreements; in 2004 such agreements covered only 6 % of those in employment. There are fewer collective bargaining agreements covering fewer workers. Moreover, few collective bargaining agreements include the issue of vocational training, although the new Code obliges companies to foresee training for their workers.

It should be noted that social dialogue between employers' associations and trade unions at national level is diminishing and that agreements were often reached under government pressure. However, if trade unions should question the need to embrace new groups of workers with different contractual realities, it should be admitted that, in February 2006, a new positive step was taken in vocational training.

For the first time an agreement was signed directly between the major Portuguese employers' associations and trade unions, specifically between the confederations present on the Standing Committee of Social Dialogue on Vocational Training. This agreement stresses the importance of action on continuing training for adults, pointing to the urgency of adopting the measures decided in the Tripartite agreement of 2001 while also presenting new and original proposals for Portugal.

The signatories advocate a number of actions: a diagnosis of needs at national, regional and sectoral levels, leading to multiannual plans; assistance with in-company training provision and specific support for micro-enterprises and small companies; the creation of an individual training register; and stepping up professional training courses in companies.

In addition, the signatories commit themselves to raising awareness among their associates to put these proposals into practice. They also point out the importance attached to the commencement of work by the National Consultative Committee on Vocational Training, to surmount the obstacles which prevent the application of the training clause, to create provisions which ease access to continuing training on the initiative of the worker.

Despite agreements between the social partners, these were not always applied in companies; the difficulties faced by the four main employer organisations in reaching agreement with some 534 employer organisations, 420 trade union associations and two central trade union bodies are understandable.

Trade-union leaders report to CGTP/IN that negotiations on these questions at company level are not given assistance and they face obstacles in informing and advising workers. Certain companies were accustomed to funded training where the only goal was financial and where there was no real will to improve the knowledge and competences of workers. Now that there is more control over obtaining funding, only companies believing in it plan training.

Many other companies even make it difficult to undertake training during working hours. This makes access difficult for workers who should be made aware of, and motivated to undertake, training outside their working hours with no consideration of travel time. They wonder whether the sacrifice of leisure time, or time spent with the family, is worth the trouble and any making the effort receive little recognition from their companies in terms of career progression, upgrading of position or responsibilities, and wages.

### 3.2.5 Future perspectives

With these proposals the most important question remains: how will training be financed? The social partners always advocate maximum State intervention and trade unions advocate company intervention.

In addition, it is proposed that workers contribute to the costs but this is a sensitive matter for workers and their families. So, the question of financing remains open and becomes crucial. Although there is the need for more training, at the same time the issue of public expenditure should be considered in depth.

Moreover, support from the EU will be crucial through the Community support framework in lifelong learning programme 2007-13<sup>(33)</sup>. However, Portugal will have to be more self-reliant in these issues. The CGTP believes it must continue working on several aspects.

The CGTP believes that training is one of the key tools for dealing with industrial change: the importance of human capital is emphasised at European and global levels but progress is very slow in Portugal. Fortunately, mindsets are beginning to change.

A favourable climate for training must be created in companies. Whether this takes place at the workplace or elsewhere, it is essential that training be considered in the company as an investment and not as a cost. One human resource manager advocated during the seminar held on 28 March that skills should have a core position in the working environments supporting work organisation. Increased work quality and more added-value in the products will improve the competitiveness of the company.

Some managers at the Lisbon seminar<sup>(34)</sup> suggested that it would be necessary to change the name of the discipline from human resource management to people management. They also acknowledged how difficult it is to raise awareness within companies of the need to increase investment in training. How to make companies becoming learning organisations is not an easy matter.

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<sup>(33)</sup> Available from Internet: [http://ec.europa.eu/education/programmes/newprog/index\\_en.html](http://ec.europa.eu/education/programmes/newprog/index_en.html) [cited 7.2.2008].

<sup>(34)</sup> Opinion of managers at the seminar held in Lisbon 28 March 2007 mentioned in the first chapter of the report.

There is also the question of creating among workers an awareness that lifelong learning is for their own good if they want to progress in their careers and avoid being among the first dismissed in the event of reorganisation, to continue to work longer, and if they want their company to be productive. They must see it as an additional asset.

It is also essential for many Portuguese companies to realise that there are sacrifices to be made in modernising the working conditions. It is recognised that one of the limitations on improving worker participation is that training is undertaken after working hours and that the training centre may be some distance from the workplace <sup>(35)</sup>.

There is also the fact that many companies still do not take into account training that workers decide to follow individually. There is an urgent need for cultural change, recognising the personal investment made by these individuals. Following-up after training is also essential.

Fortunately, pilot projects prove that it is possible to find consensus on the conditions that will nurture social dialogue on vocational training; these should not be ignored. One example is partnership projects between companies and trade unions, as in the Requal project, financed by the Community Equal Programme. This ran from 2001 to 2004 and is in the final phase <sup>(36)</sup>.

Requal was organised as a partnership bringing together 17 companies, the CGTP/IN, IEFP, Inofor and the *Associação para o Ensino Bento de Jesus Caraça* and five municipalities in the area of Setúbal (Barreiro, Moita, Palmela, Seixal and Setúbal) as well as the Association of the Municipalities of Setúbal. The partnership had the goal of creating an innovative response to the need to improve the competences of workers in this area, on the basis of concrete activity.

Another example, at sectoral level, shows that it is possible to produce synergies and create joint strategies; this is the case of the Strategic plan for the development of human resources <sup>(37)</sup>. This plan was signed by the employers and trade-unions in the hotel, tourism and catering trade, as well as by various structures set up by the Ministry of Labour and Social Solidarity related to vocational training.

This strategic plan envisages several measures spread out over 10 years to undertake, in a thorough manner, the identification of competences in the entire tourism sector, the definition of broad guidelines for training, the definition of required professional profiles and training in line with the priority plans to be defined according to strategic needs.

It also sets out definitions and creates the instruments necessary to achieve these goals, the identification of the principal actors who will be responsible for achieving these objectives, and the designation of an entity for piloting the plan and for its continuing evaluation.

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<sup>(35)</sup> See, in this context, the findings of the Consultation of the European Commission on the vocational training of adults carried out in 2005 and published in January 2006. Relevant documents are available from Internet: [http://ec.europa.eu/education/policies/2010/doc/compendium05\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/compendium05_en.pdf)

<sup>(36)</sup> See [http://www.cgtp.pt/index.php?option=com\\_content&task=section&id=21&Itemid=204](http://www.cgtp.pt/index.php?option=com_content&task=section&id=21&Itemid=204) [cited 22.8.2007].

<sup>(37)</sup> More information about this topic is available from Internet:  
[http://www.ilo.org/public/english/employment/skills/hrdr/topic\\_n/t\\_56\\_por.htm#actions2](http://www.ilo.org/public/english/employment/skills/hrdr/topic_n/t_56_por.htm#actions2)  
<http://www.portugal.gov.pt/Portal/Print.aspx?guid=%7B7CBB1FFE-1EAF-4E36-8BB1-0D46F2D29681%7D>

In summary, developing professional competences is, first and foremost, important for the workers themselves. Perhaps, it is also a determining factor for the productivity of a company. But it is only one of the factors: as economists know, others include organisation of the production process, equipment, energy costs, etc.

Everything depends on the way a company handles these factors. Improving worker competences and increasing technological innovation should be a constant concern, but today, it is essential to help companies to adapt to new market requirements, allowing for greater productivity and quality products. It is time to make this clear and to share responsibilities to extend the benefits of training to employers and employees.

## PART III

Social dialogue, lifelong  
learning  
and industrial change:  
examples and good  
practice

## 4. Sectoral and company cases: good practice in management of industrial change

The textile, automotive and banking sectors have been exposed to the consequences of globalisation during recent years. They have experienced significant change, varying according to the nature of each activity. Some practical sectoral and/or company cases show that using social dialogue and lifelong learning measures have a positive influence on managing change successfully, both during times of expansion and recession.

The third part of this report offers a selection of good practice examples delivered during the peer learning activity. They illustrate different types of management of change using social dialogue and training practices to mitigate the impact of restructuring or using training for strategies to expand market.

The practices selected cover three key sectors. The textile and car industry sectors are introduced by a socioeconomic and employment analysis showing main medium-term drivers. The financial sector is introduced by commenting on a successful joint contribution by European social partners to promote lifelong learning in the current context of global change.

Every example is presented in two parts: the first provides background information on the study case and the second focuses on several key aspects but, in particular, the role played by training.

### 4.1. Restructuring in the European textiles and clothing sector: trends and drivers of change

*Gregorio de Castro, Eurofound (EMCC) research officer*

The textiles and clothing sector has experienced a revolution since 1 January 2005 as a result of a decision taken at the Uruguay Round of trade negotiations 1986-94. The quota systems between members of the World Trade Organisation (WTO) ceased to exist from that date on, thus enabling major buyers of textiles and clothing to rationalise their supply networks. This has given rise to fears that products from countries with low labour costs will eventually supplant all others in clothing stores worldwide.

Europe has already lost many jobs in garment manufacturing to Asian countries but the textiles and garment sector still remains an important source of employment in the EU. It accounts for 4 % of EU manufacturing production and employs over 2.5 million workers with a strong regional concentration. However, there has been a steady decline in value added since 1995 (-1.2 % per year) and an even stronger decline in employment (-3 %), but accompanied by productivity gains (2 %) (European Commission, 2005c). Textiles and clothing is a highly labour-intensive sector and due to this, it displays around half the productivity of manufacturing as a whole. Within the EU, productivity varies widely and it is lower than average in all new Member States.

The textile and clothing industry is itself composed of five major sub-sectors: interior textiles; clothing textiles; technical textiles; textile finishing; spinning and preparation. Like

most traditional industries in Europe it has been subject to many changes in the last couple of decades, partly as a result of the WTO agreements but also due to the rapid uptake of new technologies and increased competition leading to new business practices. All these factors have led to a considerable amount of activity in terms of restructuring.

Statistics from the European restructuring monitor <sup>(38)</sup> for January 2003 to March 2006, show that Portugal was the country worst hit in terms of job losses in the textile sector, with a total of 14 567 people losing their jobs. France followed with employment losses amounting to 6 504, with the UK coming third with 4 316 jobs shed. Little employment was created in the old EU-15 with Spain announcing 1 400 new jobs during this period and Austria creating 100 jobs. However, the new Member States registered some employment creation: Slovakia announced 1 037 new jobs and Poland some 550. Bulgaria and Romania were the two countries where most new jobs were registered during this period with 1 500 and 1 300 respectively.

*Table 3: Breakdown of employment change 2003-06 by country in the textile sector <sup>(a)</sup>*

Country	Planned job reductions (in 000s)	% Planned job reductions	Planned job creation (in 000s)	% Planned job creation
Portugal	15 467	29.93	0	0
France	6 504	12.59	0	0
UK	4 313	8.35	0	0
Spain	3 140	6.08	1 400	21
Germany	2 671	5.17	0	0
Slovenia	2 369	4.58	0	0
Ireland	2 547	4.93	0	0
Poland	2 684	5.19	550	8.25
Italy	1 649	3.19	0	0
Austria	1 105	2.14	100	1.50
Hungary	1 450	2.81	191	2.86
Bulgaria	178	0.34	1 500	22.50
Romania	1 680	3.25	1 300	19.50
Slovakia	852	1.65	1 037	15.55
Czech Republic	900	1.74	0	0
Lithuania	860	1.66	100	1.50
Estonia	773	1.50	490	7.35
Belgium	525	1.02	0	0
Sweden	330	0.64	0	0
Netherlands	700	1.35	0	0
Finland	130	0.25	0	0
Malta	850	1.64	0	0
<b>Total</b>	<b>51 680</b>	<b>100.00</b>	<b>6 668</b>	<b>100.00</b>

<sup>(a)</sup> Total number based on cases registered by Eurofound, EMCC, European restructuring monitor.

Source: European Monitoring Centre of Change (EMCC) Eurofound (European restructuring monitor data base statistics): Evolution of planned job reduction and creation by country (from January 2003 to March 2006).

#### 4.1.1. The context of the textiles and clothing sector

The figures in Table 3 above need to be interpreted and analysed within a larger context of changes that have been shaping the industry in the last few years. Below is an overview of

<sup>(38)</sup> Project managed by the Eurofound.

the main drivers shaping the textiles and clothing sector and how these may impact future developments.

### *Driver 1: liberalisation*

The textile industry has been completely liberalised since 1 January 2005, when all quotas for textile trade disappeared under the agreement on textiles and clothing. It is a transition agreement under the WTO covering the transition from the multi-fibre agreement (high tariffs and strict quotas on export from the developing countries) to the non-discrimination rules of the GATT. The transition period was 1995-2005.

Removing the quotas has already led to increased imports, particularly in the apparel sector. This will result in a short-term loss of production and employment in the EU. Foreseeing this situation was part of the reason why these countries initiated the multi-fibre agreement arrangement in the first place, and its removal was supported primarily by developing rather than developed (e.g. EU, the US) countries. However, most studies of the consequences of the agreement on textiles and clothing reform predict the EU and the US will experience an overall welfare gain from this reform in the long term, even if in the short term these markets become flooded with exports from developing economies. So, an analysis of the pros and cons of the reform must be balanced over the time perspective.

Overall, it is expected that the result of the agreement on textiles and clothing and the Chinese WTO membership will be one of general welfare gain. However, the division of this gain, which also includes lost incomes and jobs as well as those gained, is subject to debate. In the long term, all studies expect the EU, the US and Canada to gain from it; it is the short-term consequences that are uncertain for Europe (Walkenhorst, 2003).

Thus, the main challenge for the European industry in this respect will be to strengthen research and development in the sector to produce textiles that can compete on 'intelligence' and quality, rather than on price and quantity.

### *Driver 2: globalisation and new business strategies*

During the past 20 years trade liberalisation and communication innovations have increased the opportunities for retailers and brands to buy their products from producers worldwide. The result is a new business model for major retailers, such as hypermarkets, supermarkets, department stores and brand owners such as leading clothing companies. According to a recent study from Oxfam (2004) UK, these retailers and brands have become 'global sourcing companies' or 'global supply chains'.

These supply chains are usually driven by big brands and retailers with tremendous power to determine price, quality, delivery and labour conditions for suppliers and producers down the chain. They also tend to be segmented into high and low profit steps; the former relate to innovation, marketing and retailing and are guarded by the big brands; the latter are to do with the sourcing of raw materials, production and assembly processes, finishing and packaging and they are mainly outsourced to mid-chain suppliers and low-cost producers worldwide. Finally, these supply chains are widely dispersed but tightly integrated, they often span several continents and can involve dozens of firms in the process of making and delivering a single product.



The emerging globalisation strategies can be summed up as follows:

- (a) global sourcing companies that function as brand gatekeepers outsourcing the production of the goods they sell to tiers of competing suppliers and producers through complex international networks;
- (b) successful retailers expect to utilise winning strategies world-wide. Examples include entry into the EU of retailers such as the GAP <sup>(39)</sup>, as well as expansion from the EU of retailers such as Zara, Hennes and Mauritz (H&M) and Benetton;
- (c) relaxation of import restrictions in emerging markets, which could open growing markets for EU value-added exporters for example to China and India;
- (d) development of new, innovative, non-clothing markets in technical textiles such as medical, automotive, defence, and geo-textiles, building on research across generic technologies such as materials science, pervasive computing, and nano- and biotechnology;
- (e) European textile and clothing producers are well positioned to compete on an international scale and their strategies appear to be well adapted to the requirements of a global economy and consumer markets. European consumer preferences tend to veer towards European firms even if products are manufactured outside the EU. It is, however, the small- and medium-sized enterprises that will experience more difficulties and job losses in coming years as the big firms continue to seek cheaper labour and raw material and to source production in developing countries rather than Europe.

### *Driver 3: EU legislation and environmental protection*

In the framework of European environment policy, the Commission drafted a white paper on *Strategy for future chemical policy* in 2001 (European Commission, 2001). The white paper's objective was to simplify and update existing legislation, ensuring protection of human health and the environment, and promoting a consistent and transparent framework for business. A central component of the white paper was REACH (Registration, evaluation and authorisation of chemicals), which proposes a mechanism for registration, evaluation and controlling the use of chemicals. This has relevance for the present and future of the textile sector.

The REACH Directive <sup>(40)</sup> to be implemented from Spring 2007 is set to cause serious compliance problems for many firms in the sector, in particular small and medium-sized enterprises. It is this particular group of companies which complained that the directive will be too costly, discriminative, bad for their competitiveness, and especially burdensome in terms of administrative procedures. This hefty piece of legislation is thus feared by many companies in the sector and risks putting many of them out of business and leading to much restructuring activity.

In addition, manufacturing companies operating in Europe, compared to competitors in other parts of the world, are faced with higher costs for the use of natural resources such as energy in all forms, water, or air, and higher costs for health and safety provisions for textile

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<sup>(39)</sup> Created in 1969 in San Francisco, Gap Inc. comprises three brands: GAP, Banana Republic and Old Navy.

<sup>(40)</sup> Please check European Parliament and Council (2006).

production workers. Also, final products have to comply with high environmental and health standards imposed both by EU legislation and consumer demand. Finally, total life-cycle considerations are gaining ground in Europe and are a part of the new EU legislation, making companies responsible for their products during their entire life span from production through use to disposal, recycling, or reuse.

The industry must, therefore, come up with innovative solutions that can make up for these competitive disadvantages and thereby preserve production in Europe. This can be supported by EU initiatives to promote safe eco-products by, for example, lowering the cost of their patents.

One possible area of industry focus is that of renewable and biodegradable materials. Naturally produced materials are experiencing a revival as they are both renewable and biodegradable, which is not always the case with artificial materials. Another area is environmental friendly and resource-efficient processes, recycling, and reuse. This means using fewer and greener products while obtaining an end product of higher quality. Both of these areas are of increasing interest to consumers, thereby making it possible to make these traits part of marketing.

#### *Driver 4: changing societies and consumer behaviour*

The change in end-consumer buying behaviour is another challenge of the future: no more brand loyalty, but quick changes from one trend to the next. The textile industry must, therefore, put at least 7-8 % of turnover into new and more flexible machinery and into new personnel and services.

Several important trends and changes are expected in the following years: the change in the age structure in mature markets with an ageing population and rising income levels. Also to be taken into consideration is the growth of single-person households versus classical family households in mature markets and rapid improvements in the living standards for a new middle class in the most advanced of the developing countries. The growing importance of the intangible sphere in consumer behaviour that will favour ethical consumption in a world dominated by urban life is also likely to play an important role in the coming years.

As for market development, there is a distinction between the developed, the emerging, and the developing countries. In developed, high income countries, consumer demand is likely to grow, albeit at lower rates than before, and growth in value will be stronger than growth in volume. On the whole, EU consumption is unlikely to increase significantly overall, although there will be areas of substantial growth such as technical and 'intelligent' textiles.

In emerging, middle income countries, consumer demand will develop substantially both in volume and value, especially in the middle class range of the market. Finally, in developing, low income countries, consumption growth will be small, and informal forms of distribution will prevail.

#### *Perspectives*

Overall, value added within the textile sector has increased by 16 % since 1995 (Euratex, 2002b). The bulk of this improvement has come from the clothing industry, where the index of value added has leapt from 100 in 1995 to 123 in 1999 (companies with over

20 employees). This can be ascribed to the restructuring that has occurred and is occurring within the sector, using outward processing for labour-intensive manufacturing <sup>(41)</sup>.

General strategic theory tells us that success can be achieved if flexibility is guided by market requirements and not by production preferences. Considering that it takes years to change a company's behaviour, it is necessary to anticipate changes and developments to stay in production. Companies that learn the fastest and show flexibility have a competitive advantage. However, the continuous introduction of new tools, techniques, methods, trends, and mechanisms over a short time span is often too great a task for textile companies, having dealt too long with the traditional methods of textile manufacturing and business.

The future of the European textiles and clothing sector is challenging and many changes lie ahead. Until now there has been a relative failure by companies and policy-makers to anticipate and manage certain changes in the best possible manner, as in the WTO liberalisation of quotas. New legislation in the footwear sector and environmental fields will demand further adjustments in business practices and inevitable restructuring activity.

The competitiveness of the sector will be much determined by the capability to reskill workforces, in particular with regard to the integration of new technologies in the workplace but also in relation to investment in R&D processes. European companies are also expected to lead the way in the production of high quality goods. The competitive edge and advantages of the EU will be based on technical production, design, aesthetics and fashion; these are processes which are harder to outsource and that require tacit knowledge. Finally, integration into global supply chains will play an even more important part in years to come as markets expand and globalisation continues.

#### **4.1.2. *Têxteis em Rede Lda.*: entrepreneurship synergies as strategy for dealing with textile global market competition (Paulo Nunes de Almeida, Manager)**

##### *Company background*

The textile sector in Portugal is broadly composed by small and medium-sized enterprises (almost 86 % have less than 10 workers and only 2 % have more than 50). This makes the Portuguese textile sector weak in the face of globalisation. The incorporation of China within the worldwide textile market forced employers to rethink approaches with the aim of repositioning products in relation to value while also reducing costs.

*Têxteis em Rede* is a ready-to-wear manufacturer specialising in the areas of fitness and Swimwear/Fashion and Sports apparel. It also produces and sells thermal apparel for climbing and mountaineering. It was founded as a small cooperative in 1993 with only five employees. Since the beginning, it has been led by standards of high quality, in materials, finishing and services offered, looking for customer satisfaction through providing a more

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<sup>(41)</sup> Updated figures on textile industry in Europe, can be found at [http://www.euratex.org/download/publications/others/eu25\\_textile\\_and\\_clothing\\_\\_industry\\_2006\\_digest.pdf](http://www.euratex.org/download/publications/others/eu25_textile_and_clothing__industry_2006_digest.pdf) [cited 7.2.2008].

complete and personalised service. Currently the firm exports to France, Germany, the Netherlands, Scandinavia, Spain, the UK and the US.

Since 2004, *Têxteis em Rede* has been part of a cooperation project with four other textile firms, controlling all production processes from weaving to manufacturing. The expansion of its activity has increased the labour force to about 80 employees.

The aim of the cooperation has been the above principles of repositioning value while reducing costs. The strategy combined vertical cooperation between the five small companies, developing textile production, and horizontal cooperation, with three of them delivering complementary products. The fusion between the companies was established on a solid base of dialogue aimed at acknowledging that cooperation made companies stronger in facing market segmentation.

Accordingly, it was essential to promote a cultural change among the employers to create the synergies which could bring productivity benefits. At the same time, establishing ownership values among employees has been crucial to success.

The cooperation focused on the following:

- (a) reinforcing the commercial area;
- (b) development of new products;
- (c) relationships with suppliers;
- (d) information and communication strategy;
- (e) investment in new technologies;
- (f) salary incentives;
- (g) human resources and training strategy <sup>(42)</sup>.

In 2006, *Têxteis em Rede* planned an ambitious training plan involving the network focusing on improvement of personal behaviour skills, communication and interpersonal relations, team working and autonomy.

The company plans to invest on three strategic areas to further its competitive position:

- (a) image and internationalisation: design, brand and new markets;
- (b) qualification of human resources through competence development strategy, based on training in foreign languages, IT courses, communication, team working and autonomy;
- (c) innovation and development: new products and processes linked to a technological sectoral textile centre.

#### **4.1.3. Uniontessile: training in the context of the textile crisis in Italy**

*Gian Lucca Coccola, National Secretary*

Uniontessile, a member of the Italian confederation of small and medium-sized industries (Confapi), is the Italian association of small and medium-sized businesses in textiles, clothing, footwear, leather, spectacles, toys, pens and brushes, and laundry. Uniontessile comprises 3 300 businesses employing over 80 000 people.

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<sup>(42)</sup> Texteis em Rede participated in a very interesting experience under Equal initiative:  
<https://webgate.ec.europa.eu/equal/jsp/dpComplete.jsp?cip=PT&national=2001-244#budget> [cited 7.2.2008].

### *Background: the Italian textile sector crisis*

Textile and clothing and footwear and leather are two strategic sectors in Italian manufacturing (promoted under the brand 'Made in Italy'). Textile and clothing comprise some 73 000 companies employing 580 000 workers, with a turnover of almost EUR 69 billion and added value of over EUR 18 billion. The leather and footwear industry represents almost 23 000 companies and over 197 000 employees, with a turnover of EUR 26 billion and added value of almost EUR 6 billion.

Together, the two sectors account for over 17 % of Italian manufacturers, more than 16 % of employees and almost 12 % of the turnover and added value in Italian manufacturing.

Hence, the clothing industry is one of the pillars of the Italian economy but since 2002 it has experienced a downturn in production, orders and turnover. The only slight improvement is to the result of an increase in domestic demand, whereas figures relating to foreign trade (both within Europe and outside the EU) have fallen, clearly reflected in turnover and confirming the loss of competitiveness suffered by the sector. The sector is suffering a grave crisis accentuated by liberalisation and the existence of unfair competition, particularly from China, which is delivering low quality and/or imitation brand products.

### *The value of training dealing with the textile crisis*

In the current industrial context, characterised by the need for greater competitiveness and the need to improve quality to produce more added-value articles, the capacity to make the most of human resources is essential to success. To improve employability can bring significant changes in the industrial relations system. Training, more than ever, plays a strategic role in supporting and developing the sector.

There is, therefore, the need for:

- (a) effective expression of professional need;
- (b) adequate training initiatives;
- (c) promotion of a positive relationship between production and training (understood as a whole as meaning schools, universities and professional training).

In pursuit of these aims, Uniontessile and the trade unions:

- (d) are in agreement as to the positive impact and importance of joint projects relating to social dialogue on the subject of training carried out in their sectors;
- (e) recognise in the joint assessment that the social partners must be the actors who express the professional needs of the sector;
- (f) agree on the need to act together to obtain joint, practical and effective tools to provide – to communities, institutions and the sector – the information necessary to identify and target action and initiatives, relating to education and training, in support of the sector and its development.

Uniontessile and the unions have formed within the *Osservatorio Nazionale di Categoria*, a joint bilateral technical body whose task is to provide the information necessary to maximise and promote quality and effectiveness in training and vocational initiatives. This aims to make the most of human resources and increase the competitiveness in production, to safeguard the Italian textile, clothing and footwear industry.

The body's tasks include:

- (a) compiling a record of reference figures necessary for the operation and development of the sector with reference to the ENFEA <sup>(43)</sup> survey on training needs, and keeping this record up to date and freely available;
- (b) compiling appropriate job descriptions for each professional figure with reference to the ENFEA survey on training needs, and keeping them up to date and freely available;
- (c) compiling/monitoring/updating the minimum skills standards relating to professional figures, and ensuring they are freely available;
- (d) participating in initiatives for coordination between sectors in terms of methodology, glossaries, identification/verification/description in the examination of professional needs and the promotion of continuing training;
- (e) establishing and maintaining links with institutions responsible for training in the broad sense;
- (f) promoting, planning and proposing training modules on textile/clothing/footwear issues for the purposes of educating trainers and teachers;
- (g) proposing guidelines and promoting best training practices, in particular to foster the coordination of supply and demand of work and for continuing professional training in mobility processes;
- (h) promoting training modules, including distance learning, on specific issues relevant to the textile/clothing/footwear sector;
- (i) identifying, implementing and disseminating guidelines and training modules, including distance learning, about health and safety and the environment, for effective use by companies and workers, as well as basic training material to be provided to new employees;
- (j) identifying training opportunities and defining framework projects for continuing training in the textile/clothing/footwear industry (not to replace independent initiatives proposed at district, territorial and company level) providing trade associations and trade union organisations with useful information (correlated with the *Fondo Formazione PMI*);
- (k) promoting and disseminating the most significant training projects on initial integration and continuing and vocational training carried out in the sector;
- (l) promoting and organising initiatives for discussion/reflection on the quality and effectiveness of the training actions implemented;
- (m) collaborating with the institutions working to define apprenticeship training profiles;
- (n) determining and disseminating guidelines to ensure the quality of work placements in companies in the textile/clothing/footwear sector (to be freely adopted by companies and proposed also at district and territorial level);
- (o) any other function or task the bilateral technical body deems appropriate.

Uniontessile and the trade union organisations have agreed they should liaise on specific initiatives proposed or managed by them, and communicate these initiatives to the associated companies and employees, including initiatives to foster continuing training.

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<sup>(43)</sup> *Ente nazionale per la formazione e l'ambiente*, bilateral body set up by Confapi and the trade unions for training and the environment.

Without prejudice to each party's operational autonomy, Uniontessile and the unions may also promote specific training initiatives not related to the *Fondo Formazione* PMI <sup>(44)</sup> to be planned and implemented jointly.

### *Continuing training*

The Ministry of Employment Decree of 21 January 2003 (published in *Gazzetta Ufficiale* No 34, 11 February 2003) conferred legal status upon the joint national interprofessional fund for continuing training in small and medium-sized businesses, *Fondo Formazione* PMI, set up by Confapi and the trade unions *Confederazione Italiana del Lavoro* (CGIL), *Confederazione Italiana Sindacato dei Lavoratori* (CISL) and *Unione Italiana del Lavoro* (UIL) based on the interconfederal agreement of 12 July 2002. The *Fondo Formazione* PMI became operational in October 2003 <sup>(45)</sup>.

The *Fondo Formazione* PMI promotes and provides funding, in compliance with the conditions laid down by Article 118(1) et seq. of Law No 388/2000, for company, territorial, sectoral, regional, interregional and national training plans, for and between companies, agreed between the parties, in line with regional planning, and with the relevant guidance functions entrusted to the Ministry of Employment and Social Policies.

Separate from the *Fondo Formazione* PMI's institutional activities, a trade working group was set up to encourage meetings between the trade federations of the social partners for their direct involvement in improving coordination between supply and demand in terms of training. Particular attention will be paid to the specific training needs identified, taking account of developments in collective bargaining, with the aim of providing information to allow the introduction of training targeted at specific sectoral needs, and expressing guidelines for setting out the public announcements issued by the *Fondo Formazione* PMI.

## 4.2. Restructuring in the European automotive sector: trends and drivers of change

*Gregorio de Castro, Eurofound (EMCC) Research officer*

The automotive industry provides direct employment to two million people in the EU and a further eight million indirectly. It also accounts for 3 % of European GDP and 7 % of total manufacturing value-added (European Commission, 2005c).

However, in the past five years, the sector has witnessed a slowdown in economic output across the EU. Weak growth has led to reduced consumer and business confidence, as well as a decline of industrial production, including the production of durable consumer goods. This has impacted severely on the car industry. Average profit margins have declined from around 10 % in the 1960s to less than 5 % today, and some volume car makers are actually losing money.

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<sup>(44)</sup> Available from Internet: <http://www.fondopmi.it> [cited 7.2.2008].

<sup>(45)</sup> On the role of public policy in worker training in Italy, and of the necessity of transferring the administration of the funds to the social partners, see Croce and Montanino (2007). See also Pedone (2003) and Moro (2004).

Restructuring has, therefore, become a common feature of the automotive landscape, leading to substantial job losses in some countries but also considerable job creation in others. The drive for cost reduction, combined with the continuous search for competitiveness and the emergence of new consumer markets are among the principal reasons for plant closures, firm reorganisation and job shifts in the European automotive industry.

According to figures from the European Restructuring Monitor database, operating since 2003, Germany is the country worst hit in terms of employment loss due to restructuring, with a total of 53 599 jobs shed. In the same timeframe (2003-06) Italy lost 15 412 jobs due to restructuring and the UK 14 158.

However, a considerable number of jobs were created in these countries with Germany registering 7 401 new jobs, France 8 885 and the UK 4 135. Particularly strong employment creation can be found in the newer Member States with 20 502 jobs being created in Slovakia, 17 926 in Poland and 17 455 in the Czech Republic. The total number of job losses for the EU-25 during this period stood at 127 665, with 91 181 jobs created.

These figures show that the automotive sector is much alive and a truly global industry. Few sectors are exposed to so many internal and external drivers of change with such a pervasive and far-reaching impact not only on employment levels but in the way in which the industry is organised.

In this context, many drivers are shaping the structure of the automotive industry but four clearly identifiable ones are giving way to new trends and hugely influencing present and future developments.

*Table 4: Breakdown of employment change 2003-06 by country in the automotive sector <sup>(a)</sup>*

Country	Planned job reductions (in 000s)	% Planned job reductions	Planned job creation (in 000s)	% Planned job creation
Poland	1 100	0.86	17 926	19.66
Germany	53 599	41.98	7 401	8.12
France	12 234	9.58	8 885	9.74
UK	14 158	11.09	4 135	4.53
Czech Republic	120	0.09	17 455	19.14
Slovakia	0	0.00	20 502	22.48
Sweden	6 103	4.78	0	0.00
Spain	8 126	6.37	1 600	1.75
Belgium	5 731	4.49	200	0.22
Italy	15 412	12.07	0	0.00
Portugal	4 864	3.81	0	0.00
Netherlands	2 185	1.71	0	0.00
Romania	922	0.72	6 500	7.13
Slovenia	0	0.00	1 840	2.02
Hungary	156	0.12	2 170	2.38
Finland	2 230	1.75	450	0.49
Austria	390	0.31	800	0.88
Ireland	105	0.08	0	0.00
Bulgaria	0	0.00	1 017	1.12
Denmark	230	0.18	0	0.00
Latvia	0	0.00	300	0.33
Total	127 665	100.00	91 181	100.00

<sup>(a)</sup> Total number based on cases registered by Eurofound, EMCC, European Restructuring Monitor.

Source: European Monitoring Centre of Change (EMCC) Eurofound (European Restructuring Monitor Data Base Statistics): Evolution of planned job reduction and creation by country (from January 2003 to March 2006).



*Driver 1: competition*

Increased competition has led to unprecedented overcapacity in the sector: this in turn has come to represent a serious problem for many companies, as they cannot sell their products and recover investments, posing problems for cash flow and financial balances. As a result, many firms have joined forces through alliances and mergers to rationalise production processes, share know-how and become more flexible and adaptable. For many groups this has been a positive experience: Volkswagen and Škoda; Peugeot and Toyota. Others have not been as successful in their attempts and have become bankrupt, as in the case of Rover's failed venture with BMW.

Globalisation has also been a major factor affecting competition and triggering many sourcing and outsourcing processes, with companies looking to cut costs and operate more efficiently. As part of this trend, we have witnessed the relocation of entire production plants to the new Member States partly in pursuit of lower labour costs but also drawn by favourable corporate tax regimes and as a means of tapping into new consumer markets.

Competition has also given way to major changes with regard to the composition of the workforce in the sector. Whereas workers traditionally enjoyed stable and lifelong contracts, companies are now making greater use of temporary staff in an attempt to cut unnecessary costs and have access to on-demand workforces matching production cycle requirements. As a result of this trend, human resource management practices in companies have also been changed and new innovative work-organisation patterns introduced as a way of achieving greater productivity; one example is self-steering teams.

The challenges lying ahead as a result of increased competition will, therefore, have much to do with the capacity of firms to consolidate new alliances and mergers. They must also be able to improve supply chain management processes and to introduce new and efficient work-organisation practices and modern human resource policies.

*Driver 2: consumer demand*

Today's consumers are better informed and have more choice about the products on offer to them than at any other time in history. 'The customer is always right' and 'the customer is king' are two sayings that clearly reflect the power consumers. The automotive industry is no exception in this respect.

Economic development across many parts of Europe and beyond means there are new emerging consumer markets open to companies. The growth of the new Member State economies since accession in 2004 is already considerable and purchasing powers are expected to rise as these countries catch up with the old EU-15.

Consumer demand is driving innovation, value and quality creation in the motor industry and is also adding to increased pressure and competition. However, it is also due to consumer expectations that car manufacturers and related subsectors of the car industry are coming up with new technological developments and are thus able to provide safer and cleaner vehicles, as well as a greater range of products from which to choose. Finally, one must not underestimate the important role of the Internet regarding online purchases, information, comparative advantages and overall consumer empowerment.

Automotive companies aiming to remain competitive in the global race will, therefore, need to have their brands present in all markets to get the biggest share of consumers possible. Mergers, acquisitions, joint ventures and alliances will be some of the business strategies used by companies to acquire a global presence. Enjoying a share of a local market will no longer be sufficient and European manufacturers will have to venture into relatively unknown and emerging consumer territories such as China and the US; they will also face the challenge from these countries.

Equally, being able to offer a more customised product, as well as environmentally conscious and consumer-friendly choices will be a key challenge for companies worldwide. Online shopping and tailor-made vehicles offering more for less at the click of a button and catering for specific personal and collective needs will also be factors providing a clear competitive advantage for car makers. All these aspects will be essential in ensuring consumer confidence.

### *Driver 3: technology*

Technological advances have been a key feature of the automotive industry since its origins and a central factor enabling growth in companies. However, the last couple of decades have witnessed acceleration in the pace of development and integration of technologies in the automotive field which has completely transformed the industry and the way in which it is organised.

All big automotive groups now dedicate a substantial part of their budget to research and technological development. This is regarded as a vital dimension of any automotive business strategy and one that needs to be nurtured and constantly developed to improve vehicle performance, sales, security, meet customer expectation and ultimately improve financial results. Technology has thus become a key enabler in terms of product and process innovation and will continue to play a crucial role in the coming years.

The automotive sector is regulated and this is putting enormous pressure on firms to comply with laws regarding chemicals, safety, environmental matters, etc. Companies are constantly being asked to adapt to a changing world and to work with new laws which, in turn, have a significant impact on production processes and often require large financial investment in the latest technological equipment. Uncertainty about the life of the earth's oil reserves has started a new race among car makers for alternative fuels, eco-efficient engines and technological solutions for the cars of tomorrow.

Integrating a growing number of Information and Communication Technologies (ICTs) in the automotive industry will inevitably require an up-skilling of workers or the recruitment of younger and more technologically-minded employees. This reality is having noticeable impacts already in terms of production reorganisation, optimisation of resources and modernisation of workforces. Unfortunately, too often this is reflected in early retirement plans among older workers and those employees less able to adapt to change (Eurofound, 2004c).

It is an unquestionable fact that the optimal integration of ICTs and the growing investment in research and development will become major challenges for all players in the

industry and a major competitive factor. It would also be safe to assume that developing eco-friendly vehicles will play a major role in the next few years.

#### *Driver 4: legislation*

The automotive sector is one of the most heavily regulated industries in the EU with over 90 EU Directives in place. The large amount of legislation that has been developed over recent years has required continuous adaptation to change by all players in the sector to meet stricter standards. In particular emissions and technology legislation are having a strong impact both on vehicle technologies and production processes.

Euro emissions standards are compulsory in all Member States, the current Euro 4 standard is to be met by 2006. These cover emission of Carbon monoxide (CO), Nitrogen Oxide (NOx), and Hydrocarbon particulates for both diesel and petrol engines. Sulphur emissions are not covered but are addressed through the introduction of low sulphur fuels. CO<sub>2</sub> is not covered but is subject to a voluntary agreement committing automobile manufacturers to reduce CO<sub>2</sub> emissions with improved vehicle technology. This means more efficient vehicles and lower weights but also market-orientated measures including improvements in consumer information.

The second main area is recycling and the end-of-life vehicle Directive. This requires Member States to legislate to increase reuse, recycling and other forms of recovery of end-of-life vehicles and components and phase out certain hazardous substances. It is expected that the costs of compliance will be significant. Analysts estimate the requirements of the end-of-life vehicle Directive might result in an additional EUR 20 to EUR 150 (PwC, 2002) per vehicle. A particular issue for manufacturers is the responsibility for achieving recycling and recovery targets.

Depollution, dismantling and shredding will require increased control and monitoring requirements such as certificates of destruction and authorisation of treatment. Existing experiences in Germany, France and the Netherlands show that increased professional requirements are likely to drive some players out of business, resulting in consolidation. This poses concern for small and medium-sized enterprises in the industry.

Legislation presents the automotive industry with serious challenges and considerable costs in compliance. In an attempt to legislate less but better, the EU will have to consider the effects potential future directives could have on the automotive industry. In having to comply with legislation, the automotive industry is often forced to restructure with serious consequences for the workforce in the form of redundancies and dismissals. None the less, the right legislation at the right time can also have the reverse effect and trigger innovation processes resulting in R&D investment. In this context, European car makers are leading the way in developing environmental technologies and eco-efficiency solutions. Both of these already represent important sources of job creation and competitiveness.

#### *Perspectives*

The European automotive industry can only be analysed and understood in a global context. This review has given a general overview of four key drivers having a strong influence on the way in which the industry evolves. However, this is by no means an exhaustive list and

others may develop that will throw up new challenges for companies, workers, social partners and policy makers alike.

It would be fair to say that the frequent waves of restructuring that have taken place in the last few years show little sign of slowing down in the foreseeable future. Besides, the close relationship that exists between all the players in the sector means that restructuring by the big brands has an inevitable cascading effect that is felt by other actors.

The cluster model still prevails in Europe and it is possible to find clearly specialised regions where the automotive industry is the sole or dominant employment provider. In recent times many new clusters have been emerging in the new Member States, partly as a result of delocalisation of production but also as a conscious choice by manufacturers to tap into new consumer markets: relocation of production plants is not only driven by lower labour costs. Those firms that set up businesses in new countries are, therefore, unlikely to pull out in the short term and everything seems to indicate these are long-term measures and solid investment decisions.

Competitiveness in the industry will be achieved through innovation, investment in R&D and economies of scale. The successful integration of ICTs in the workplace, together with the development of eco-friendly vehicles, are factors that will also contribute to keeping the European automotive industry in the race for pole position.

### 4.3. VW AutoEuropa: the importance of collective agreements for managing production shifts

#### 4.3.1 Background information

At the end of the 1980s the region of Setubal in Lisbon was in deep economic crisis as a consequence of the decline of fishing, shipbuilding and the automotive industry, which were the main employers. The region had the highest unemployment in Portugal. The EU and the Portuguese Government agreed to develop a new project for the automotive industry in Portugal.

A shareholder agreement between Volkswagen and Ford (signed in July 1991) made the start of production possible. Volkswagen took over total production in January 1999 and the VW AutoEuropa factory in Palmela became the largest foreign investment project ever undertaken in Portugal.

VW AutoEuropa has had a positive impact on the Portuguese economy, reaching 36.3 % of total car industry production in Portugal (2005). The models produced are the Volkswagen Sharan, SEAT Alhambra, Ford Galaxy and Volkswagen EOS. This provides employment of around 2 790 workers but, when outsourcing activity and regional suppliers are included, a total of 8 890 persons are employed in the region under the umbrella of Volkswagen (83 % in the Setubal region).

VW AutoEuropa management applies an innovative approach based on working teams, continuous training, communication strategy, company social responsibility and a flat

hierarchy. They have developed integral sequential production which also takes in an industrial park, suppliers and other services.

#### **4.3.2 Innovative agreements for dealing with production changes**

Since the factory started production, the work council has negotiated autonomously while trade union negotiates collective agreements at branch level. When agreements for dealing with reducing of production were needed, an innovative approach for 2003-05 combined more flexible production and the transfer of wage increases into additional days of paid leave (Nauman, 2004). The resulting agreements allowed avoided unemployment for 800 workers and in 2005 VW AutoEuropa started to produce a new model (Volkswagen Scirocco).

The key unions represented in VW AutoEuropa are Sindicato dos trabalhadores das indústrias metalúrgicas e metalomecânicas do sul (CGTP, 71 %), Sindel (UGT, 21 %) and Sindicato das industrias metalurgicas e afines (SIMA, 8 %).

#### **4.3.3. The key role of the training policy of VW AutoEuropa**

Training has been included as an essential part of sustaining productivity through continued improvement of human resources. Since 1992 around seven million training hours have been undertaken by VW AutoEuropa. In 2005, 786 training actions were delivered to a total of 5 031 participants, carried out by ATEC (Training Academy) which is certified in quality standards. The main training and consultancy programmes were as follows:

- (a) technical, quality and methods issues;
- (b) professional and organisational development;
- (c) competences to improve consultancy services;
- (d) training programmes for the young: a dual system applied in qualification levels mainly raising levels 3, 4 and 5 of the Portuguese education system <sup>(46)</sup>.

Another key part of the training policy of VW AutoEuropa is its relationship with universities and the exchange theoretical and empirical knowledge. The universities involved in partnerships are the Polytechnic Institute of Setubal, the New University of Lisbon, the Coimbra University and the Engineer Car Industry Institute (Wolfsburg).

The company provides support to this network in using technical equipment, advising on industrial practical questions, participation by managers in seminars and workshops, and offering traineeships for practice in the factory.

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<sup>(46)</sup> For an overview of the Portuguese vocational training system see ReferNet Portugal (2005).

## 4.4. Škoda: dealing with changes in the expansion cycle supported by continuous training

*Ph. Dr. Alexandra Kralikova, Human Resource Manager, Škoda Auto*

### 4.4.1. Background information

In 1905 Václav Laurin and Václav Klement manufactured their first automobile after starting initially starting their production of bicycles and motorcycles in 1895. The Voiturette was the first example of the craft and skill of Czech hands to enter the automotive world. In 1925 they merged with Škoda Pilsner and in 1950 the Kvasinsky and Vrachlabi plants were incorporated. In 1991 came the joint venture with Volkswagen.

In 2004, group international sales represented 86 % of the total sales (exporting 451 675 cars to 85 countries). During that year Škoda had 24 511 employees (more than 3 600 foreigners and almost 1 000 joining the apprenticeship cycle).

### 4.4.2. Training and how to deal with change during expansion

There are various reasons why personal development is essential – and must be fitted into busy and tiring working lives – in a society of challenge and change:

- (a) to be able to cope with difficult situations in everyday practice;
- (b) to be comfortable with new technologies;
- (c) to perform well at work for personal reasons and to support the success of the company.

It is no longer possible to forget about school after initial training. Continuous vocational training has become an important part of the human resources policy of Škoda. The company offers several training and development programmes and about 26 000 employees participate in continuous training actions (22 000 plus 4 000 trainees in e-learning courses per year). The programmes are grouped into four training fields: technical training, specialised training, management training and potential analyses.

Other Škoda information on training during 2006 includes:

- (a) implementation of about 350 000 training hours;
- (b) investment in employee training of approximately EUR 7.5 million per year;
- (c) after training, testing on the spot and surveying trainees for their views. There is also an evaluation of the performance of trainees by their superiors three to six months after training;
- (d) collective agreements include employee development and training references linked to company priorities.

### 4.4.3. Škoda Auto supervisor school

The development of supervisors is another interesting example of professional careers within the Škoda group. Škoda supervisors know that their development will be supported by training.

The prerequisite to becoming a supervisor candidate at Škoda is a secondary vocational school A-level certificate or university level. Those who do not have this degree they may get it either at Škoda Auto secondary vocational school or at Škoda Auto Corporate University. Only having achieved this education level can an employee be nominated by his/her superior as a candidate for study at the Škoda Auto supervisor school.

This school prepares candidates for one of the key management positions in company, that of foreman-supervisor. The company expansion strategy demands qualified supervisors.

The school is a one year part-time study programme. The students meet for two or three days every two weeks. The studies are finished by a final examination. The classes consist of different blocks, focused on techniques and production technologies. The second part involves training by different specialists from Škoda departments, such as labour law, quality, HR, work safety, control, etc.

Many graduates also emphasise the importance of soft skills training; leadership and cooperation are the main topics of 180 hours of training. The future supervisors improve their skills in solving practical matters, working with case studies and getting feedback. The supervisor school graduates say it is much easier for them to solve complicated problems in practice using methods they learned at this school.

After graduating from the supervisor school the candidates are assessed for work as supervisors. Those who succeed have a personal development plan based on the assessment centre results. This plan is developed by their superior in cooperation with the supervisor and HR specialist to support individual strengths.

To be nominated to a management position does not mean to finish studying. Every supervisor (and every employee in Škoda Auto in general) undertakes courses every year. Management skills, IT and language training are taught to all employees.

The best supervisors may become top management candidates on the basis of their management competences, work experience and training. Development continues to the time they retire.

Škoda Auto employees participate in training during their working hours and do not pay for it. This does not mean they get it for free: they have to work hard during the training and their results are checked in their performance in practice. If the training is to be effective, both employer and employee have to invest in it.

#### 4.5. The financial sector in Europe: why a joint declaration on lifelong learning?

*Sandy Boyle, ex-President UNI Finance <sup>(47)</sup>*

The financial services and banking sector has undergone many changes in recent years and many challenges are today influenced daily by globalisation which manifests itself in several ways:

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<sup>(47)</sup> UNI Finance, the Global Union for all finance workers represents three million employees in 237 trade unions worldwide.

- (a) outsourcing and offshoring activities;
- (b) mergers and takeovers;
- (c) the emergence of multinational financial services providers which now provided a wide range of products such as banking, insurance, mortgages, etc.;
- (d) increasing regulation emanating from Brussels (e.g. money laundering directive and the financial services action plan 2006/10);
- (e) the impact of information technologies on services and qualifications in the sector.

*Table 5: General statistics of employment and work centres in the European financial sector as at 31 December 2002 (in 000s)*

Country	Bank <sup>(1)</sup>	Branch offices	Staff <sup>(2)</sup>
Belgium	111	5 496	74 896
Germany	2 591	38 201	732 800
Greece	60	3 027	63 407
Spain	274	38 752	293 368
France	1 011	26 162	400 915
Ireland	90	853	36 500
Italy	814	29 926	340 403
Luxembourg	177	299	23 300
Netherlands	148	4 600	154 000
Austria	897	4 471	64 192
Finland	344	1 537	28 670
Portugal	52	5 341	54 884
Denmark	209	2 045	39 957
Iceland	47	198	3 733
Norway	152	1 349	22 871
Sweden	128	1 950	39 000
Switzerland	356	2 712	104 500
United Kingdom	380	12 140	458 700
<b>Total</b>	<b>7 841</b>	<b>179 059</b>	<b>2 936 096</b>

<sup>(1)</sup> All figures include foreign banks, except column 3 (Branch offices) where branches of foreign banks are excluded for all entries apart from Luxembourg.

<sup>(2)</sup> Full-time employment or equivalent.

Source: Based on: Statistics 2002 European Banking Federation.

The internationalisation of financial markets has increasingly linked the European financial system to international industry, with companies from outside European Economic Area opening branches in the main financial capitals of Europe.

The pressure of price competition in financial markets has encouraged providers to seek labour force cost reductions. During recent years, these global changes have occurred at great speed and had a major impact on employment in the sector.

Tables 5 and 6 show that, between 2002 and 2005, the number of European banks progressively declined while the number of branch offices increased. At the same time, employment in the sector decreased in many countries.

Undoubtedly the industry will continue to change, with greater emphasis being placed on new delivery channels such as telephone and Internet banking. Financial services have increasingly been delivered by new players in the market such as supermarkets, and this has brought new challenges which needed to be met by employers and trades unions working together.



Nevertheless, little credit was given to companies who invested in training and development: UNI Finance was firmly of the view that soundly-based social dialogue had a key role to play in combating some of the worst consequences of internationalisation. The European sectoral social partners were concerned about these threats and the future of the sector. Some of the key policies UNI Finance and its affiliates were pursuing were:

*Table 6: General statistics on employment in the European banking sector as at 31 December 2005 (in 000s)*

Country	Bank <sup>(1)</sup>	Branch offices	Staff <sup>(2)</sup>
Belgium	104	4 564	68 478
Germany	2 344	44 100	693 050
Greece	61	3 543	61 295
Spain	267	41 820	248 068
France	318	27 075	366 900
Ireland	76	840	38 000
Italy	784	31 501	336 410
Luxembourg	155	246	23 227
Netherlands	122	3 180	125 043
Austria	880	4 317	62 248
Finland	345	1 616	22 843
Portugal	48	5 533	53 180
Cyprus	10	1 020	13 180
Czech Republic	36	1 825	37 540
Denmark	187	1 975	39 714
Estonia	14	281	5 000
Hungary	38	1 286	28 826
Iceland	28	171	4 001
Latvia	23	215	10 520
Liechtenstein	15	0	1 573
Lithuania	12	643	7 811
Malta	18	116	3 467
Norway	148	1 234	20 825
Poland	649	11 975	152 972
Slovakia	23	685	19 850
Slovenia	22	723	11 397
Sweden	127	1 910	36 631
Switzerland	337	3 535	100 564
United Kingdom	335	11 150	455 000
<b>Total</b>	<b>7 526</b>	<b>207 079</b>	<b>3 036 895</b>

<sup>(1)</sup> All figures include foreign banks, except column 3 (Branch offices) where branches of foreign banks are excluded for all entries apart from Luxembourg.

<sup>(2)</sup> Full-time employment or equivalent.

Source: Based on Statistics 2002 European Banking Federation.

- (a) an environment where the interests of all stakeholders were equally considered (i.e. the shareholder, the customer, the communities and the staff who work in the industry);
- (b) new working practices which allowed longer opening through greater flexibility in working hours (e.g. staggered start and finishing times);
- (c) tackling the problem of work-related stress which was becoming endemic in the industry;
- (d) the need for greater work-life balance for finance sector staff;
- (e) quality of opportunity for all staff in an industry where, all too often, managerial positions were seen as the preserve of males;

- (f) the importance of training and development to meet the new challenges and regulations in the industry.

Taking these difficult issues forward in the spirit of partnership between employers and unions was UNI Finance priority and it was felt strongly that productive social dialogue would result in a win-win result for employers and staff. The workforce must be recognised as an asset and not an expendable resource. In these circumstances shareholders, customers and communities would equally benefit.

In recent years European Banking social dialogue was attempting to tackle some of these problems. Agreement between the social partners on a joint declaration on lifelong learning outlined the key elements (EBF et al., 2005b):

- (a) defining professional, vocational and entry levels;
- (b) recognising and validating competences and skills;
- (c) providing information and support on principles, rights and responsibilities;
- (d) employment and retraining through mobilising resources.

Implicit in this declaration is the fact that training and retraining are essential for the future success of the sector. Training must be seen as a shared responsibility between employers and employees. UNI-Europa<sup>(48)</sup> believe it is not a good practice that in certain companies all training, even that which is directly related, is expected to be conducted out of the normal working hours and on an unpaid basis. Such a position was unsustainable going forward. An essential element to the success of the joint declaration is recognition and acceptance that training is an investment and not a cost.

The joint declaration on lifelong learning was due to be reviewed by the social partners as part of the 2006/07 work programme. Since the signing of the joint declaration other successful projects have been completed on the employment aspects of corporate social responsibility; these include equal opportunity, core labour standards, work-life balance, internal communications and training, and learning and development. For the time being, EU enlargement and preparing the finance sector in the Czech Republic, Cyprus, Hungary, Malta, Poland, Slovenia and Slovakia, and for social dialogue are other issues at on the heart of the European social partners' agenda for the banking sector.

A new joint project on demography has just been authorised by the Commission and will provide the main platform for the social dialogue through 2006-07. So, banking social dialogue is working reasonably successfully in facing current challenges. Its long-term success or failure will depend on practical application of the statements which exist on paper.

There is no doubt that joint efforts have been made to protect the European social model and the social pillar of the Lisbon agenda. Building cooperation and partnership is crucial to Europe's long-term success and this is dependent on exchange of experiences, policies and ideas.

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<sup>(48)</sup> UNI-Europe, a regional and a global organisation in Europe with seven million members, is the major trade union player in Brussels.

#### **4.5.1. Millennium bcp & the Portuguese Bank Training Institute (IFB)**

This example shows how continuing training and higher education programmes can help in becoming a market leader.

##### *Company background*

*Banco Comercial Português*, set up in June 1985, was the first private commercial bank to be incorporated in the wake of the Portuguese financial system being liberalised. In 1986 it had seven branches and 255 employees and in those days the company was not equipped to deal with the whole market.

There were several reforms in the reprivatisation of national banks in 1989. During the following decade the BNP (*Banco Nacional Potugues*) initiated an expansion strategy. In 1995, the group acquired *Banco Português do Atlântico*, *Banco Comercial de Macau* and *Bonanza*. In 2000, in a second wave of acquisitions, *Banco Comercial Português* purchased *Banco Mello*, *Banco Pinto & Sotto Mayor* and *Império*.

Milennium bcp is the largest Portuguese private financial group, with consolidated profits in 2003 standing at EUR 437.7 million and some 1 000 branches serving more than 3.5 million customers, representing a market share of 25 %. Nowadays, it is represented on the European, American, Asian and African continents, either as the Millennium bcp brand or as distinct brands created to operate in different markets.

In 2004, Millennium bcp had a total number of 51 523 employees. The customer contact service centre and the multichannel client approach constituted the key domains of the retail strategy of the institution. Both of them are directly connected with human resources management, including competences required for successfully developing client relationships. The support of the Bank Training Institute has been crucial in raising qualification levels to provide outstanding professional profiles and tackle employment shifts in the sector.

Recently, BCP and *Banco BPI*, S.A. have been negotiating to create the biggest Portuguese bank but, for the time being, negotiations have not succeeded.

##### *The mission of the Bank Training Institute in the context of banking sector change*

The Bank Training Institute, with its school of bank management, is the body of the Portuguese Bank Association that provides continuing training and specialised higher education. Its mission is to strengthen the culture of the profession and support the development of the Portuguese financial sector by improving the qualifications of its human resources. The targets of the Bank Training Institute services and products are essentially employees of the Bank Association's member banks. The range of training offered by the Bank Training Institute is designed for this target population and is segmented as follows:

- (a) training of candidates: young people aged from 15 to 25 with the 9th or 12th grade, depending on the course, who are candidates for banking jobs;
- (b) basic training: new employees and those with some experience, management staff, commercial assistants and account managers;
- (c) intermediate training: directors, middle managers and specialists with substantial professional experience;

- (d) higher education: professionals from the financial and other sectors and young people completing their secondary education and wishing to obtain academic qualifications in banking.

Changes in the sector, and the evolution of the activities of Millennium bcp, demanded reorienting of training programming to focus on improvement of qualifications levels. The changes in training supply have evolved in three stages according to the shifts in the sector during three decades:

- (a) situation in the 1980s: the Bank Training Institute based training strategy on covering training gaps by raising basic qualifications. In the second half of the decade new banks were set up and the competition in the sector increased. The Bank Training Institute changed training to offer 3-year courses in 18 modules delivering a double frame of certifications (academic grade 12 and vocational level 3, according to the Portuguese education and training system of the period);
- (b) situation in the 1990s: the changes in banking sector - creation of a single market, privatisation and mergers - established a situation of higher qualification requirements. Accordingly, the Bank Training Institute created a double school branch; one in bank apprenticeship training and the other for managers;
- (c) situation in the 2000s: internationalisation, massive competition, new technology-based products and reduction in employment required training in web bank programmes (based on e-learning online courses) and stimulated the school of bank management to higher education through postgraduate courses and executive courses (honours degrees).

These changes are reflected in associated figures. In 2004 the profile of candidates increased to 58 % in higher education programmes with progressive incorporation of the women in training (48 % were females). The investment in training increased to EUR 24 million.

## 5. Epilogue

The two key objectives of the peer learning were duly achieved during the experience:

- (a) to make aware and motivate social partners to participate in management of change and restructuring situations occurring in European countries, sectors and companies;
- (b) to review key challenges to manage industrial change at sectoral/company levels, exploring the use of social dialogue and the role of lifelong learning in such situations.

The participants considered the experience very satisfactory and useful for applying knowledge acquired to their work environments. This was seen in the evaluation questionnaires completed after the peer learning activity. The report is a key outcome of the whole work of the participants.

As shown throughout the report, the work of the participants produced useful exchange of information related to the three specified working parameters of the peer learning:

- (a) the use of social dialogue to manage industrial change;
- (b) the role of lifelong learning supporting management of industrial change;
- (c) training promoted by social dialogue as a mechanism to support industrial change.

The report shows the value of social dialogue and the key role of training in coping with current industrial change. However, there are many difficulties in setting up appropriate environments for developing culture change to modernise work situations. Both aspects should establish smooth frameworks for those affected by change, regardless of whether this is due to expansion or recession.

The project illustrates how Cedefop can provide support to the social partners. Further, the publication has shown the value of peer learning and working in partnerships. Currently, the participants are one of Cedefop's network projects for supporting social partners. Further cooperation is planned and involving other social partners in the network is a task for the medium term.

## List of abbreviations and acronyms

Apoceep	<i>Associação de empresas que prestam serviços de interesse económico geral</i> [an association of companies and other providers of services of general interest, regardless of their public or private nature]
CEEP	<i>Centro Europeu das Empresas com Participação Pública e/ou de Interesse Económico Geral</i> [European centre of enterprises with public participation and of enterprises of general economic interest]
CGTP/IN	Geral dos trabalhadores Portugueses – Intersindical nacional [General confederation of Portuguese workers - Inter-syndicate national]
CPCS	<i>Comissão Permanente de Concertação Social</i> [Permanent Committee for Social Dialogue]
EMCC	European Monitoring Centre on Change
ETUC	European Trade Unions Confederation
Eurofound	European Foundation for the Improvement of Living and Working Conditions
IEFP	<i>Instituto do Emprego e Formação Profissional</i> [Employment and vocational training Institute]
IFB	Bank Training Institute (PT)
Inofo	Institute for Innovation and Training
UEAPME	<i>Union Européenne de l'artisanat et des petites et moyennes entreprises</i> [European association of craft, small and medium-sized enterprises]
UGT	<i>União Geral de Trabalhadores</i> [General union of workers]
UNICE	Union of Industrial and Employers' Confederations of Europe
WTO	World Trade Organisation

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## Other links

### **Institutions and social partners**

<http://www.cedefop.europa.eu/>  
<http://www.trainingvillage.gr/etv/default.asp>  
<http://www.eurofound.europa.eu/>  
<http://www.eurofound.europa.eu/emcc/>  
<http://www.euratex.org>  
<http://www.buinesseurope.eu/Content/Default.asp?>  
<http://www.ueapme.com/EN/index.shtml>  
<http://www.ceep.org/>  
<http://www.apoceep.pt/>  
<http://www.etuc.org/>  
[http://ec.europa.eu/employment\\_social/social\\_dialogue/index\\_en.htm](http://ec.europa.eu/employment_social/social_dialogue/index_en.htm)  
[http://ec.europa.eu/employment\\_social/employment\\_analysis/human\\_en.htm](http://ec.europa.eu/employment_social/employment_analysis/human_en.htm)  
[http://www.eesc.europa.eu/index\\_en.asp](http://www.eesc.europa.eu/index_en.asp)  
[http://ec.europa.eu/education/policies/2010/et\\_2010\\_en.html](http://ec.europa.eu/education/policies/2010/et_2010_en.html)  
[http://www.trainingvillage.gr/etv/Projects\\_Networks/SocialP/](http://www.trainingvillage.gr/etv/Projects_Networks/SocialP/)  
<http://www.ilo.org/global/lang-es/index.htm>  
[http://www.oecd.org/home/0,2987,en\\_2649\\_201185\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/home/0,2987,en_2649_201185_1_1_1_1_1,00.html)  
[http://portal.iefp.pt/portal/page?\\_pageid=117,1&\\_dad=gov\\_portal\\_iefp&\\_schema=GOV\\_PORTAL\\_IEFP](http://portal.iefp.pt/portal/page?_pageid=117,1&_dad=gov_portal_iefp&_schema=GOV_PORTAL_IEFP)

### **Banking and textile European sectoral social dialogue**

[http://ec.europa.eu/employment\\_social/social\\_dialogue/sectorial3\\_en.htm](http://ec.europa.eu/employment_social/social_dialogue/sectorial3_en.htm)  
[http://ec.europa.eu/employment\\_social/social\\_dialogue/sectorial33\\_en.htm](http://ec.europa.eu/employment_social/social_dialogue/sectorial33_en.htm)

### **Social partners: automotive industry**

<http://www.emf-fem.org/>  
<http://www.clepa.be/>

### **EU and LLL (Leonardo and Equal projects)**

[http://ec.europa.eu/employment\\_social/restructuring/index\\_en.htm](http://ec.europa.eu/employment_social/restructuring/index_en.htm)  
[http://ec.europa.eu/enterprise/index\\_en.htm](http://ec.europa.eu/enterprise/index_en.htm)  
[http://ec.europa.eu/dgs/information\\_society/index\\_en.htm](http://ec.europa.eu/dgs/information_society/index_en.htm)  
[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=0,1136195,0\\_45572094&\\_dad=portal&\\_schema=PORTAL](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=0,1136195,0_45572094&_dad=portal&_schema=PORTAL)  
[http://ec.europa.eu/education/programmes/leonardo/new/leonardo2/products/action\\_prod\\_fr\\_2000.cfm?Annee=All](http://ec.europa.eu/education/programmes/leonardo/new/leonardo2/products/action_prod_fr_2000.cfm?Annee=All)

<https://webgate.ec.europa.eu/equal/jsp/advancedSearch.jsp?ffCommandId=searchAdvanced&ffRoundFilter=on&ffRound=2&ffThemeFilter=on&ffTheme=ZTM06&ffAppStatusFilter=on&ffAppStatus=ZSA04&search=Search#Result>

<https://webgate.ec.europa.eu/equal/jsp/advancedSearch.jsp?ffCommandId=searchAdvanced&ffRoundFilter=on&ffRound=2&ffThemeFilter=on&ffTheme=ZTM05&ffAppStatusFilter=on&ffAppStatus=ZSA04&search=Search#Result>

## Annex: Programme of the Lisbon seminar



**SEMINAR/STUDY VISIT PROGRAMME 2006**  
**Social dialogue and industrial relations:**  
**management of change globally and**  
**by the European Union and its Member States**  
**27–31 March 2006, Lisbon**

**MONDAY 27 MARCH 2006**

<b>18:00</b>	Reception and informal meeting. Introduction of the participants at the hotel Olissippo Marquês de Sá, 130 Av. Miguel Bombarda, 1050-167 Lisbon
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**TUESDAY 28 MARCH 2006**

**SEMINAR**  
**SOCIAL DIALOGUE AS A TOOL FOR MANAGEMENT OF CHANGE**

*WHERE: In the premises of Instituto Superior de Ciências do Trabalho e da Empresa (ISCTE)  
 Ala Autónoma, Sala Afonso de Barros, Av. das Forças Armadas, Lisbon*

<b>08:45</b>	Departure from hotel Olissippo Marquês de Sá
<b>09:30–10:15</b>	Presentation of the visit. opening and welcome by <ul style="list-style-type: none"> <li>➤ Luís RETO, President of Portuguese Higher Institute of Labour and Business Sciences (ISCTE)</li> <li>➤ Marie-Jeanne MAURAGE, Coordinator study visits programme (Cedefop)</li> <li>➤ Cristina RODRIGUES, Directive Board Member of Employment and Vocational Training Institute (IEFP)</li> <li>➤ Maria José CONSTÂNCIO, President of Portuguese Association from European Centre of Public Enterprises (Apoceep)</li> <li>➤ José A. SANCHEZ RAMIREZ, Scientific Portuguese advisor and coordinator of the Seminar/Training study visit – Member of Cedefop's Governing Board</li> </ul>
<b>10:15–10:45</b>	Presentation on <b><i>Economical and social changes at European and global level and the role of social partners in change management</i></b> <ul style="list-style-type: none"> <li>➤ Augusto MATEUS, University Professor, Higher Institute for Management and Economic Studies (ISEG)</li> </ul> <i>Moderator : José Manuel PROTES DA FONSECA, Executive Director, Apoceep</i>
<b>10:45–11:05</b>	<b>Coffee break</b>
<b>11:05–12:15</b>	Presentation on <b><i>Social dialogue in the framework of Lisbon strategy: what is at stake ?</i></b> <ul style="list-style-type: none"> <li>➤ Sinead TIERNAN, Social Dialogue Advisor (ETUC)</li> <li>➤ Heitor SALGUEIRO, Director, UNICE – Confederação da Indústria Portuguesa (CIP)</li> <li>➤ António Bob dos SANTOS, representative, Cabinet of the National Coordinator of the Lisbon Strategy and Technology Plan</li> </ul>

12:15–12:45	<p>Presentation on <i>the labour market in Portugal as regards as current situation of participation of social partners in Social dialogue and collective bargaining process</i></p> <ul style="list-style-type: none"> <li>➤ Marinús PIRES DE LIMA, University Professor, Higher Institute of Labour and Business Sciences (ISCTE)</li> </ul>
12:45–13:30	<p>Open discussion : debate, reflections, comments  <i>Moderator</i> : Reinhard NAUMANN, Friedrich Ebert Foundation representative</p>
13:30–15:00	<b>Lunch (ISCTE)</b>
15:00–15:30	<p>Presentation on <i>current situation and trends of social dialogue at European sectorial level in the context of change and its influence to an enlarged Europe</i></p> <ul style="list-style-type: none"> <li>➤ Peter KERCKHOFS, Political Secretary of European Mine, Chemical and Energy Workers Federation (EMCEF)</li> </ul>
15:30–16:00	<p>Presentation on <i>working relations and Social dialogue in Portugal: the role of the vocational training in social dialogue and collective bargaining as a tool for management of change</i></p> <ul style="list-style-type: none"> <li>➤ Francisco MADELINO, Directive Board President of Employment and Vocational Training Institute (IEFP)</li> </ul>
16:00–16:20	<p>Open discussion: debate, reflections, comments  <i>Moderator</i> : Fernando LOPES, General Director of Employment and Industrial Relations (DGERT)</p>
16:20–16:45	<b>Coffee break</b>
16:45–17:45	<p><b>Social partners round table: challenges and opportunities of social dialogue in Portugal</b>          João SALGUEIRO (CIP); Alberto SÁ e MELO (CCP); Luís MIRA (CAP); António ABRANTES (CTP); Augusto PRAÇA (CGTP); João Dias DA SILVA (UGT)</p> <p>Open discussion: debate, reflections, comments  <i>Moderator</i>: Maria Cândida SOARES, General Director of Study, Statistics and Planning (DGEEP)</p>
17:45–18:00	<p><b>Conclusions of the day</b></p> <ul style="list-style-type: none"> <li>➤ Maria Josefina LEITÃO, Consultant on industrial relations</li> </ul>
20:00	<b>Departure from hotel – Meal in traditional FADO restaurant</b>

### WEDNESDAY 29 MARCH 2006 (Day 2)

WHERE : In the premises of “Olissippo Marquês de Sá Hotel”, Av. Miguel Bombarda, 130 Lisboa

09:00–09:15	<p><b>Presentation on the textile study in Europe</b></p> <ul style="list-style-type: none"> <li>➤ Gregorio DE CASTRO, European Foundation for the Improvement of Living and Working Conditions, Dublin (EUROFOUND)</li> </ul>
09:15–10:00	<p><b>Textile sector: presentation of Portuguese case</b></p> <ul style="list-style-type: none"> <li>➤ Paulo NUNES DE ALMEIDA, Managing Director, Têxteis em Rede, Lda (TRL)</li> </ul>
10:00–10:45	<p><b>Textile sector: presentation of Greek case</b></p> <ul style="list-style-type: none"> <li>➤ A. TORTOPIDIS, Head of the Research and Analysis Unit, Federation of Greek Industries (SEV)</li> <li>➤ Nikos FOTOPOULOS, Coordinator Studies, Academy of Labour of GSEE (Higher School of trade Union Education)-Center of Education Policy Development/Greek General Confederation of Labour (KANEP/GSEE)</li> </ul>
10:45–11:15	<b>Coffee break</b>

11:15–12:00	<b>Textile sector: presentation of Italian case</b> <ul style="list-style-type: none"> <li>➤ Ines PICARDI, Secretary general, textile and shoes workers (FILTEA CAMPANIA ) – General Working Confederation of Italy (CGIL)</li> <li>➤ Gian Luca COCOLA, Secretary general, UNIONTESSILE-CONFAPI</li> </ul>
12:00–13:00	<b>Discussion and debate</b> Comments by Gregorio DE CASTRO (EUROFOUND) and J. Manuel GALVIN (Cedefop) <i>Moderator</i> : Paulo BÁRCIA, Director, ILO Lisbon Office
13:00–14:00	<b>Lunch and departure from the Hotel</b>
15:00–19:00	<b>Car automotive sector: presentation of Portuguese case (in the premises of Autoeuropa)</b> <ul style="list-style-type: none"> <li>➤ Julius von INGELHEIM, Human Resources Manager, Volkswagen Autoeuropa</li> <li>➤ António CHORA, Work Council Head, Volkswagen Autoeuropa</li> <li>➤ Gregorio DE CASTRO, European Foundation for the Improvement of Living and Working Conditions, Dublin (Eurofound)</li> </ul> <b>Car automotive sector: presentation of Rover experience-company agreement</b> <ul style="list-style-type: none"> <li>➤ Rob BALL, Human Resources Director, GKN AutoStructures Ltd</li> </ul> <b>Car automotive sector: presentation Czech Republic case</b> <ul style="list-style-type: none"> <li>➤ Pavel CHEJN, representative Czech association of Employers in Energy sector, Confederation of Industry (SPCR)</li> <li>➤ Alexandra KRÁLÍKOVÁ, Head of Management Training, SKODA AUTO a.s.</li> </ul>
19:00	<b>Return to Lisbon</b>

**THURSDAY 30 MARCH 2006 (Day 3 )**

9:00	<b>Departure from Hotel</b>
10:00–13:00	<b>Banking sector: presentation of Portuguese case (in the premises of Banco Comercial Português)</b> <ul style="list-style-type: none"> <li>➤ Filipe PINHAL, Vice-Chairman of Managing Board, Banco Comercial Português (BCP)</li> <li>➤ Paulo Amaral ALEXANDRE, Member of the Executive, Sindicato Bancário do Sul e Ilhas</li> <li>➤ Margarida GEADA, Lawyer, Sindicato Nacional dos Quadros e Técnicos Bancários</li> <li>➤ Luis VILHENA DA CUNHA and Manuel FERREIRA, Director and Deputy Director, Instituto de Formação Bancária (IFB)</li> </ul> <b>Banking sector: presentation of Swedish case</b> <ul style="list-style-type: none"> <li>➤ Anders SANDBERG, Employers Association of the Swedish Banking Institutes (BAO)</li> </ul> <b>Presentation of European banking sector agreement:</b> <ul style="list-style-type: none"> <li>➤ Sandy BOYLE, UNI-Finance President, Uni Global Union</li> </ul>
13:30–15:00	<b>Lunch (Hotel)</b>
15:30–16:30	<b>Presentation of Swedish case (continuation)</b> <ul style="list-style-type: none"> <li>➤ Erik-Nils NOBRAND, Landsoganitatione i Sverige- Union for Service and Communications Employees (SEKO)</li> </ul> <b>Plenary session based on presentation of cases and experiences: open debate</b> Comments by Marie-Jeanne MAURAGE (Cedefop) and J. Manuel GALVIN (Cedefop) <i>Moderator</i> : António Casimiro FERREIRA, University Professor, Faculdade de Economia de Coimbra
16:30–17:00	<b>Coffee break</b>



17:00–17:30	<b>Synthesis results:</b> <ul style="list-style-type: none"> <li>➤ José RAMIREZ (Apoceep)</li> <li>➤ Marie-Jeanne MAURAGE and J. Manuel GALVIN (Cedefop)</li> </ul>
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**FRIDAY 31 MARCH 2006 (Day 4)**

09:00–11:00	<b>Workshop of working group: to set up an action plan</b> Working group will elaborate a working plan action at national and sectoral level
11:00–11:30	<b>Coffee break</b>
11:30–12:30	<b>Plenary session based on presentation of working actions plans: Open debate</b> <i>Moderator:</i> José Carlos FRIAS GOMES, Directive Board Member, Quality for Training Institute (IQF) – Member of Cedefop's Governing Board
12:30–13:00	<b>Final conclusions</b> <ul style="list-style-type: none"> <li>➤ J. Manuel GALVIN (Cedefop)</li> <li>➤ José RAMIREZ (Apoceep)</li> </ul>
13:00–13:30	<b>Cedefop/IEFP/Apoceep: Final farewell</b>
13:30–14:30	<b>Lunch (Hotel)</b>
15:15–17:00	<b>Cultural visit to Palácio Nacional de Mafra</b>

**CONTACT PERSONS**

**For thematic issues:**

José RAMIREZ, Apoceep: [jose.ramirez@netcabo.pt](mailto:jose.ramirez@netcabo.pt)

J. Manuel GALVIN ARRIBAS, Cedefop: [jmga@cedefop.eu.int](mailto:jmga@cedefop.eu.int)

Marie-Jeanne MAURAGE, Cedefop: [mjm@cedefop.eu.int](mailto:mjm@cedefop.eu.int)

José LEITÃO, IEFP: [jose.leitao@iefp.pt](mailto:jose.leitao@iefp.pt)

**For organisational questions:**

Isabel MELO SILVA, IEFP: [isabel.melo.silva@iefp.pt](mailto:isabel.melo.silva@iefp.pt)

Katerina TZOLAS, Cedefop: [kat@cedefop.eu.int](mailto:kat@cedefop.eu.int)

## Social dialogue and lifelong learning: supporting industrial changes

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## Abstract

Current processes of globalisation, technological innovation, competition between companies, industrial restructuring and business relocation, both in Europe and throughout the world, are throwing up major changes and new challenges in our economic and social systems. In the long term, those trends will lead to wealth creation and will offer new horizons, but they also bring with them a serious risk of greater inequalities. In the short term, they bring companies and employees face to face with industrial restructuring, the substitution of labour by capital and new forms of work organisation.

As key actors in industrial relations, at the heart of the workplace, social partners have to deal with current restructuring and relocation process across Europe. In this context, promotion of lifelong learning is a tool not only for coping with change but also to extend the dialogue of collective agreements on changes in economic and human resources.

Analyses and case studies show that, in dealing with the consequences of change, social dialogue and collective bargaining processes can be tools for management at all levels to contribute to the maintenance and development of competences in the workplace.