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ILO HELPDESK

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PUTTING DECENT WORK PRINCIPLES INTO PRACTICE: Labour-Management Cooperation for responsible enterprise restructuring

How can the ILO help you to put decent work principles into practice?

The ILO Helpdesk is specifically focussed on helping enterprises that want to ensure their operations are aligned with labour standards.

The Helpdesk provides a 'one stop shop' at the ILO to

- ➔ answer requests for advice or interpretations regarding specific issues
- ➔ provide examples of answers to frequently asked questions
- ➔ give you access to a wide range of research, literature and publications in your area of interest
- ➔ facilitate access to ILO technical expertise and assistance in implementing labour standards.

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Today's turbulent global economy requires socially responsible restructuring approaches that are in the interests not only of shareholders but also managers, workers, the community and other stakeholders.

Labour-Management Co-operation for dealing with change

An obvious priority is to maintain at all times the enterprise as a sustainable entity, able to conduct its business effectively and employ people under decent working conditions. This is a shared concern of employers and workers.

Labour-management cooperation, particularly through increased involvement of workers

and their trade unions in the planning and execution of organisational change, has been demonstrated to improve the success of any adjustment process.

If restructuring is necessary, enterprises should attempt to maximise economic benefits whilst minimising social costs. **The following is your framework for ensuring that you restructure responsibly.**

Tools to assist you

The ILO has a number of tools that can provide enterprises with a framework of principles and practices to help make responsible decisions during difficult times. One of the key tools that focuses on the actions of enterprises is the **Tripartite Declaration of Principles**

Concerning Multinational Enterprises and Social Policy

referred to as the MNE Declaration.

The MNE Declaration represents an international consensus between workers, employers and governments in areas such as employment, training, conditions of work and life and industrial relations.

It is a practical instrument based on ILO core labour standards and reflects good practices accepted internationally by employers, workers and governments.

The Declaration's principles are designed to apply equally to MNEs and national enterprises and reflect good practice for all.

Your framework for responsible enterprise restructuring

If your enterprise needs to introduce change, the following steps provide a framework of a responsible approach with your workforce

1 Dialogue

Dialogue between enterprises, workers and any representatives about the potential or need for change is essential. This can help to stimulate ideas about possible changes and can also assist in alleviating workers' fears or concerns that can impact their capacity to perform effectively.

2 Information & Consultation

Sharing relevant information is important to ensure that everyone understands the situation. This should present a true picture of the position of the enterprise in order to demonstrate the need for change.¹

Consultation about changes should also take place. This consultation should involve a genuine exchange that ensures that workers and their representatives have an opportunity to influence the decisions being made. Consultation allows workers' views to be part of the decision making process, particularly as it may affect their employment.

3 Change

The following is a non-exhaustive list of the types of measures that could be negotiated to protect employment within an organisation

➔ **Internal redeployment** - Assessing the skills of the affected workforce will assist in identifying worker's unutilized skills in other areas of the enterprise. Internal job advertising through internal bulletin boards and intranet sites can help to promote this internal mobility.

➔ **Retraining** - Investment in developing the skills of loyal employees could be more cost effective than laying them off and recruiting others afterwards. Government assistance may also exist to help with the process and costs of retraining employees as an alternative to layoffs.

➔ Introducing changed working patterns or alternative work schedules including

- reduced hours
- introduction of part-time work
- job sharing and
- flexible leave arrangements.

4 Implementation

When change is implemented, it should accord with the national law and practice and any requirements contained in collective agreements. In particular the implementation should be responsible, founded on objective criteria without discriminating on unfair grounds.

5 Evaluation

Evaluating change during its introduction and after its completion is essential to promote success.

Checklist

- ➔ Consider the interests of shareholders and stakeholders. Take a long term view about change.
- ➔ Open up a dialogue with workers and their representatives.
- ➔ Share relevant information to support understanding of the issues and to generate ideas for change.
- ➔ Support a process of involving workers and their representatives in generating changes.
- ➔ Collectively negotiate changes that may impact on employment or conditions of work with workers and their representatives.
- ➔ Recognise the right of workers to be represented by their union in consultations and negotiations regarding potential changes.
- ➔ Ensure that any decisions for change accord with applicable national laws and obligations arising from contracts, codes, agreements and frameworks to which you have committed.

Handling layoffs responsibly

If as last resort laying off workers is required, there are some key steps that can be taken to ensure that this is done responsibly

Consult

Consultation at this stage involves the provision of specific information to workers and their representatives about proposed job losses. This consultation should include the provision of all relevant information², and consider measures to avert or mitigate the negative consequences of the layoffs, the timeframes involved and the options available to employees.

Take steps to mitigate the impact of layoffs

Measures to avert or mitigate the negative consequences of the layoffs may include

- ➔ Early notification of workers representatives and maximising the notice period as much as possible. This will give the workers a chance to apply for a job while being employed, which is a stronger position
- ➔ Assisting displaced workers with their job search
 - providing help to develop resumes
 - practicing interviewing techniques
 - assistance with writing applications
 - paid leave to attend interviews
- ➔ Counselling to support adjusting to change and identifying other possible alternative career options. This can include providing a mechanism for skills assessment for future employment opportunities
- ➔ Establishing mechanisms for rehiring priority in case the organisation is able to re-engage workers
- ➔ Payment of separation or severance packages to assist in the financial burden of the job loss
- ➔ Introduction of voluntary early retirement schemes, including mechanisms that allow for phased retirement where workers commence working fewer hours in the period leading up to their retirement (part-time retirement)

- ➔ Supporting entrepreneurship by assisting employees who may wish to launch their own initiative, including for example
 - Access to office, computer or administrative resources
 - Help developing business plans and proposals
 - Loan or gift of equipment
 - Assistance in raising start up capital.

Ensure termination practices are fair

Observation of national employment legislation, collective agreements and other relevant industrial instruments that relate to termination of employment, redundancies and layoffs is essential.

In addition to meeting these standards, the company should observe the following to ensure that the termination process is responsible

- ➔ Establish objective criteria for selecting the employees to be laid off in advance and document this
- ➔ Selection criteria should be weighted appropriately and correspond to the employer's business needs
- ➔ The criteria has to be capable of being objectively assessed (e.g. skills, qualifications, training experience)
- ➔ The criteria must not discriminate on invalid or unfair grounds like age, sex, pregnancy, carer/family responsibilities, race, marital status, disability, religion, political opinion, national extraction or social origin, temporary absence from work due to illness, absence from work during maternity leave and union membership or activity
- ➔ Communicating the decision to layoff employees should be done sensitively and directly with those employees whose job will be lost.

Ensure there is a mechanism for resolving grievances and disputes

Where any concern or grievance arises, employees should individually or collectively be able to raise this concern effectively and with no fears.

Checklist

- ➔ Consider layoffs as a last resort.
- ➔ Give early notice.
- ➔ Consult in detail.
- ➔ Take steps to mitigate the impact of layoffs.
- ➔ Ensure termination practices are fair.
- ➔ Ensure there is a mechanism for resolving grievances and disputes.

² Relevant information includes the reasons for termination contemplated, the number and categories of workers likely to be affected and the period over which the terminations are intended to be carried out. See Convention No. 158 Convention concerning Termination of Employment at the Initiative of the Employer, Part III, Article 13

Resources

Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

Convention concerning Termination of Employment at the Initiative of the Employer, Convention No. 158 and Recommendation No.166

Convention concerning Part-Time Work Convention No.175 and Recommendation No.182

Convention concerning Employment Promotion and Protection against Unemployment No.168 and Recommendation No. 176

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¹ Article 13 Convention concerning Termination of Employment at the Initiative of the Employer No.158