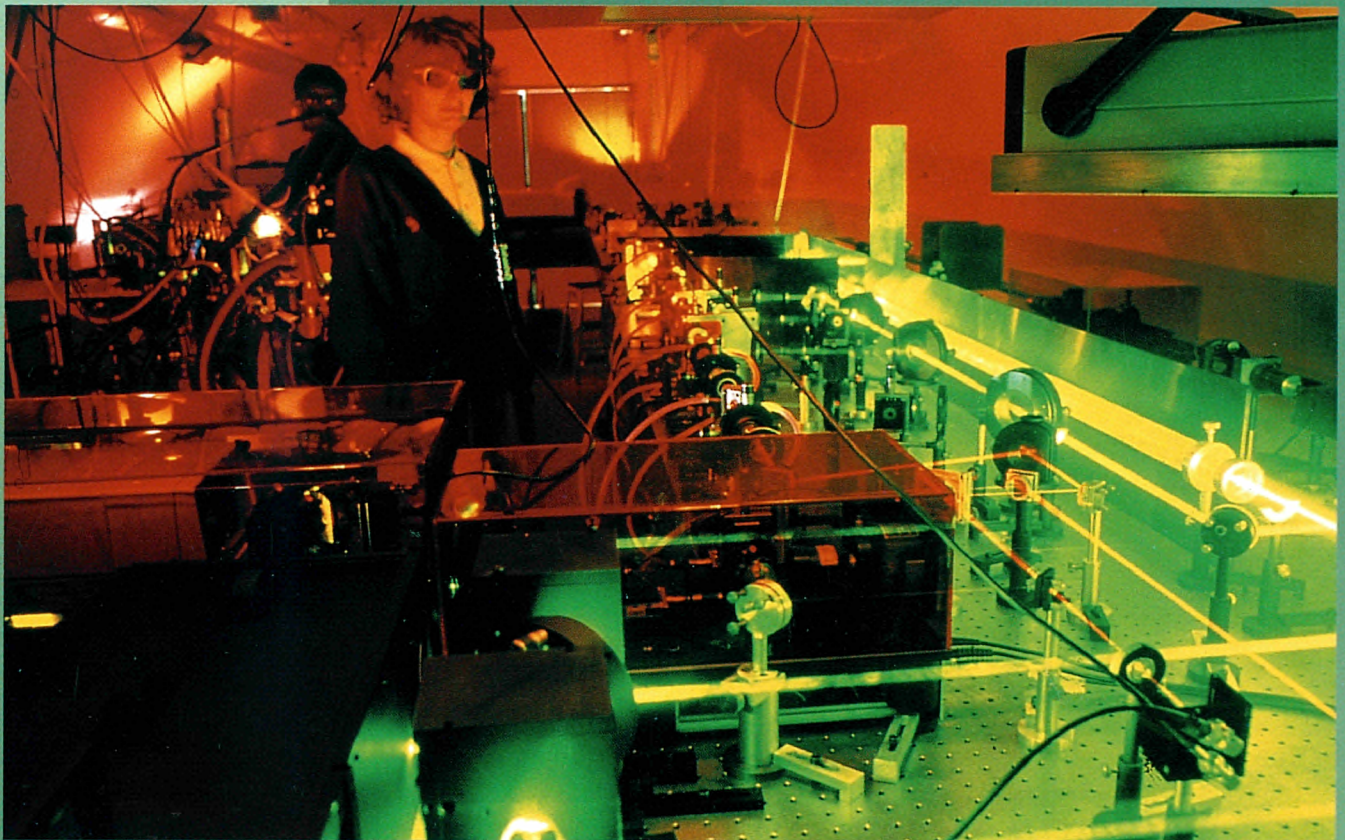


SOCIAL EUROPE

THE ADAPTATION OF
WORKERS TO
INDUSTRIAL CHANGE



EUROPEAN COMMISSION



*Social
Europe*

SUPPLEMENT 2 ■ 96

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The adaptation of workers to industrial change

SUPPLEMENT 2/96



EUROPEAN COMMISSION

**DIRECTORATE-GENERAL FOR EMPLOYMENT, INDUSTRIAL RELATIONS
AND SOCIAL AFFAIRS**

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THE ADAPTION OF WORKERS TO INDUSTRIAL CHANGE

EUROPEAN SEMINAR

Toulouse, 22 and 23 January 1996

Summary of the debates

European Commission
Employment, Industrial Relations and Social Affairs

V/C/2 European Social Fund: Operation - Greece and France

VERBATIM

« I feel the need to promote active prevention policies (...). We have been applying this approach in France for several years as part of a framework of agreement between the State and the social partners ».

Dominique Balmay, Employment delegate, French Ministry of Employment and Social Affairs.

« My message to companies is that you cannot afford to wait passively for the labour market to deliver the skills that you need ».

Padraig Flynn, Member of the European Commission with special responsibility for social affairs and employment

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**THE CHALLENGES OF ADAPTATING WORKERS
TO INDUSTRIAL CHANGE
DOMINIQUE BALMARY¹**

¹ Employment Delegate, French Ministry of Employment and Social Affairs

The theme which brings us together today, « Adaptation of workers to industrial change », is an essential aspect of the construction of Europe.

For Europe to take its place in the world market, nothing short of overall victory is required in the battle of economic competition and social cohesion.

In this connection, I welcome the creation of the new Objective 4, a consequence of the reform of the Structural Funds and new Community Initiative Programmes, which are geared to anticipating changes. These resources, which Europe places at our disposal, are thus destined to promote, in undertakings, investment in training and the raising of workers' skill and qualification levels, to the benefit of competitiveness, employment and social dialogue.

The presence today of the social partners and main economic players involved in labour, employment and vocational training policies in France and Europe clearly shows that these subjects must be dealt with jointly by the authorities and the economic and social players.

In my opinion, three subjects should guide your discussions over the next two days.

- A prerequisite for successful change and boosting firms' competitiveness is to develop the ability to prevent employment problems by ensuring that people's skills are adapted in time.
- The essential role of social dialogue in adapting people and organisations to economic and technological change.
- The lever effect of European programmes in facilitating adaptation to change.

1. The challenges facing our countries

As expressed in the Commission's White Paper at the end of 1993 and confirmed by various recent reports produced in France under the Commissariat au Plan, the work - the driving force of society - is currently undergoing major upheavals and experiencing economic, organisational and social transformations which can be divided into three categories:

- the first concerns the physical scope of firms' activities. The market is becoming globalised,
- the second concerns the change in the manufacturing fabric (important role of SMEs, tertiarisation of firms and jobs), technological innovation and changes in work organisation,
- finally, work itself is changing in terms of its content, the organisation of working time and workforce representation.

These changes may be positive, but they presuppose that we know how to construct out of them a new environment which is conducive to economic development and employment.

Thus, boosting the economic competitiveness of our countries is synonymous with placing on the word market quality products, products with a high technological added value, which will allow us to remain a step ahead of the competition.

The factors which provide this competitiveness are based on the transformation of production processes and new and diversified forms of work organisation involving more generalist skills, which are developing constantly and where the quality of education and vocational training is of decisive importance.

Trying to achieve competitiveness simply by cutting costs is now recognised as inadequate and unsatisfactory. It is the combination of product quality and the quality of human resources which pays off in the medium term.

Company organisation, workforce quality and management methods selected are essential factors in ensuring that these developments are successful.

Setting economic and social aspects against each other is, in my view, a major error.

The companies which implement long-term projects, introduce technical and organisational innovation, constantly develop the skills and qualifications of their workers and design genuine professional projects with and for their workers will also be the most competitive companies.

2. The place of social dialogue in change

If I am very keen on social dialogue, it is because I am convinced it is the essential tool for successfully achieving the necessary changes to our economic and social system and fighting the curse of unemployment.

Too many bad experiences, resulting from introducing technical modernisation without consulting workers about work organisation and adaptation of men and women, have led to wastage in terms of investment, productivity and jobs.

Modernisation projects should not be imposed ; they should be based on dialogue entered into with a view to convincing the main partners.

The success of a project involving the transformation and development of skills requires workforce involvement at all levels of the process.

The context and objectives of transformation must be clearly defined and explained.

To this end, it is essential to use the company's managerial staff to pass on information and explanations to the workforce as a whole.

It is necessary to ensure consultation with the trade-union organisations and workforce representatives, covering the reasons and procedures for implementing changes.

Finally, social dialogue must also be organised at national, inter-sectoral, branch and European level.

3. The role of the reform of the Structural Funds, the new ESF Objective 4, and the CIP « ADAPT »

By implementing these new programmes, the European Union is expressing its determination to boost the competitiveness of companies, in particular through vocational training for workers to help them adapt to technological change and changes in production systems.

I personally welcome this move, because I feel that the need to promote active prevention policies rather than being content to give preference to policies designed to cure unemployment cannot be overstated, even if curative policies remain necessary as well.

We have been applying this approach in France for several years as part of a framework of agreement between the State and the social partners, through arrangements such as forward study contracts and commitments to develop workforce training, aid for works councils and the fund for the improvement of working conditions.

Of course, the State cannot act alone. We must all - State, regions, social partners and companies - unite our efforts to respond to this formidable challenge.

The Structural Funds provide valuable assistance:

The European Social Fund, which doubles the financing allocated by the State to social policy, will make it possible to act more quickly and more decisively in four directions:

- anticipation,
- efforts by SMEs to provide training for their employees most at risk,
- prevention of the unemployment risk for workers,
- improvement of the efficiency of training systems.

The first priority of the French Objective 4 programme is to consolidate and accelerate forward analysis in terms of evaluation of jobs and skills, whether at branch, occupation or company level, or, in geographical terms, in an employment area or a region.

Going beyond specific operations, the overriding goal is to establish a systematic anticipation procedure which must become permanent.

On the subject of training, Objective 4 confirms our political determination to give priority to the development of training in small and medium-sized enterprises.

ESF assistance gives priority to training or retraining for the least-qualified workers, workers whose jobs are most at risk or most affected by the impact of change and workers who are half-way through their working lives.

Finally, Objective 4 helps boost efforts aimed at achieving quality. By supporting the creation of new training tools, making use of new technologies for teaching and developing training for instructors and systems of recognising expertise acquired, we are seeking to make our training systems more efficient.

The ADAPT programme adds a transnational dimension to these ambitions and resources and emphasises the innovatory nature of measures. It thus encourages the opening-up of Europe and cooperation between companies in different Member States.

Let us hope that by comparing analyses relating to the objectives and effects of industrial change and to the developments they induce and by sharing innovatory experience, we shall be able to find new solutions to protect employment, adapt skills in an effective manner and anticipate the effects of industrial change.

Such is the purpose of this European symposium, and I trust that the two days ahead will make a contribution towards achieving that goal.

**OBJECTIVE 4 OF THE STRUCTURAL FUNDS:
A RESPONSE TO THE DOUBLE CHALLENGE
OF EMPLOYMENT AND COMPETITIVENESS
PADRAIG FLYNN²**

² Member of the European Commission with special responsibility for Social Affairs and Employment

This Conference is the part of a series : in Dresden in December 1994, we talked about *partnership*. In Seville in October last, we looked at *youth employment*. These two days will be devoted to another important theme: the *adaptation of workers to industrial change*.

The choice of the city of Toulouse for this event is particularly apt. We are here in a city which has a thriving, innovatory business community and a reputation for a culture of research and development. The very site for this Conference is one of the leading European technology parks, and this, for me, exemplifies the theme of the Conference.

This innovative *setting*, and the Conference theme, bring to my mind a question which I now pose to you:

What is the best way for us all - political decision-makers, the business community, social partners - to respond to the need for change?

Our host country - France - has played a leading role in the search for answers to this question. And I take this opportunity to express my profound appreciation to the French authorities for their active role in the negotiations which led to the adoption of a new Structural Fund Objective, Objective 4, which deals specifically with the process and implications of industrial change.

The goals of the new Objective 4 are, of course, rooted in the Treaty. Alongside its traditional tasks concerned with employment and workers' geographical and occupational mobility, the European Social Fund now has the new task of facilitating the adaptation of workers to industrial change and changes in production systems, in particular through vocational training and retraining.

The problems of industrial change are diverse and challenging. They are evident in all sectors of the economy, including the service sector, and they go well beyond the scope of the European Social Fund. Yet I believe that Objective 4 and the ADAPT Initiative can - and will - make a major contribution.

Objective 4 and the ADAPT Initiative have evolved directly from the Commission's *White Paper*, issued towards the end of 1993, on *growth, competitiveness and employment*.

The White Paper argued that growth, while essential to create jobs, is not sufficient. Growth, competitiveness and employment are complementary; they reinforce *each other*.

For we cannot have sustained economic growth without improving our competitiveness, and hence our productivity, and our employment problems cannot be overcome without growth.

This notion of mutual reinforcement has been supported wholeheartedly not only by the Member States, but also by the social partners. And it now underpins policy at both national and Community levels.

It has taken concrete form in the development of a European employment strategy. This process was approved at the Essen Summit in December 1994 and it broke new ground in identifying the need for concerted effort in a number of areas: better training ; more employment-intensive growth ; reducing non-wage labour costs in order to facilitate recruitment ; more active measures for getting people into work ; and stronger support for those most affected by structural unemployment.

The Madrid Summit in December made the creation of jobs and the fight against unemployment the main economic, social and political objective of the Union. It endorsed the strategy outlined in Essen and welcomed the efforts already underway in the Member States and at Community level to combine structural measures with policies favouring sustained economic growth. An agenda for further action in 1996 was also agreed and developments will be reviewed at the Dublin Summit towards the end of this year.

I would like to consider now how the new Objective 4 fits into this rapidly evolving European employment strategy. In particular, how does it meet the twofold aim of:

- maintaining and strengthening the **competitiveness** of our companies ;
- preserving and creating **jobs** ?

Maintaining and strengthening competitiveness

New technologies have an increasingly important role to play in strengthening the competitiveness and economic performance of our enterprises. To be effective, these technologies need new forms of organisation and new skills. Many studies have shown that the key factor determining success is the adoption of an **integrated approach** involving:

- the introduction of new technology,
- the development of new work organisation patterns,
- investment in training and skills acquisition as well as involvement of employees.

I regret to say that we have to date failed to attain fully the productivity improvements expected from the introduction of new technologies because we have neglected the third strand of this approach, i.e. we have not offered the people who will use them adequate preparation and training.

What worries me in particular is the emerging problem of a « two-speed labour market ». What do I mean by this term ? I mean that our existing training systems are not delivering an adequate response to the demand for ever-more sophisticated skills.

Our economies are developing away from standardised manual production and towards the diversified, knowledge-based production of goods and services. We are moving from complex and specialised forms of organisation and simple jobs, to simplified organisations with more complex jobs.

But we are not changing and re-tuning our training systems quickly enough to take advantage of the new jobs that are being created. The demand side, fuelled by the demands of new technology, is moving much faster than the supply side where education and training systems are not designed to meet rapidly changing requirements.

With what result ? Well, in many cases, new jobs remain the preserve of a small, technical elite, leaving most of the unemployed, and particularly the long-term unemployed, twiddling their thumbs on the sidelines.

My message to companies is that you cannot afford to wait passively for the labour market to deliver the skills that you need. You must engage in an active partnership with both government and the training providers in order to help design the courses and programmes which will shape future skills. You must also invest more in training yourselves ; you must in some cases set up your own systems of qualifications.

We are already seeing signs of this in the sectors of the economy that are most under pressure from both technological change and international competition. But overall economic success cannot be founded on a few centres of excellence. **All** sectors of our economy have to adapt. Which is why « ADAPT » has become the slogan, if you like, of what we are trying to achieve.

Maintaining employment

Training and employment are destined to become ever more closely linked.

The actual nature of jobs is constantly changing and workers will need to become increasingly adaptable and flexible. The time when productive life could be divided into successive periods of education, vocational training and work has gone for ever. We have entered the age of « life-long learning » and we need to develop and establish the necessary training and re-training systems.

This demands strong commitment, both from individual workers and employers. Such commitment, on both sides of the equation, was the main theme of the **White Paper on Education and Training** presented by the Commission at the end of last year and is at the very heart of **European Year of Life-long Education and Training** launched on 12 January.

Left to itself, the market appears unwilling or unable to meet this challenge. It's regrettable but true that any company or individual wishing to invest in training will encounter many obstacles.

It's difficult to obtain information on which qualifications have a real future. It's difficult to be sure of the level of investment required for education and training programmes. These difficulties are, of course, intensified by uncertainties concerning likely market developments.

And there's a simple, practical factor that can't be left out of the equation. Firms are afraid that they will train their people only to see them leave to work for competitors.

In this environment, it is not surprising that small and medium-sized businesses in particular feel that they simply cannot afford the costs and time required for staff training, even when they recognise the inherent value of such an investment.

The only way out of this impasse is the partnership I mentioned earlier. By which I mean a close partnership between public authorities, training providers, economic operators and the social partners. This is the route which has been chosen for the implementation of Objective 4.

In the course of the last recession, and in the interests of short-term comfort, firms cut their investment in training and human resources. Equally, strong pressure on curbing public expenditure has tended to weaken government commitment in this field.

That is why we need, now more than ever, to take a medium to long-term outlook, to promote incentives for companies and individuals to invest in training and at the same time to improve the quality and efficiency of those training systems. Objective 4 is intended to underpin that medium to long-term perspective.

Quite apart from the focus on training and re-training, the Essen priorities are also relevant to Objective 4 in a number of other ways. The Essen Summit called for greater flexibility in the organisation of work and working time as a means of helping to improve the employment intensity of growth. Objective 4 can be used to support that kind of change in the organisation of work, which so often results from industrial change. And flexibility in working time also offers a practical opportunity of finding time for employee training.

Of course, the situation across the Member States remains diverse and complex. Provisions for anticipating changes in employment and for developing vocational training and new work patterns differ widely from one country to the next.

This is where the more experimental wing of Community activity comes into play: the ADAPT Initiative.

This is an innovative programme designed to promote adaptation to industrial change outside the orbit of mainstream programmes. We are now beginning to assess the shape and strategy of the first group of about 1 300 projects accepted under the ADAPT Initiative. It is proving a fascinating and exciting process and it is already clear that ADAPT gives Objective 4 an added dimension. This derives from the clusters of innovative and transnational projects being mounted across all the Member States, projects which are bringing opportunities and challenges in their wake.

The **opportunities** arise in the context of what I would call a « shop window » of innovation. When we negotiated the 17 operational programmes for ADAPT, the Member States were able to highlight in their plans particular concerns which arose from their own labour market situation and employment strategies.

Let me take, for example, the programme in my native Ireland. The main priority is to increase the incidence and quality of training through new approaches to the design and delivery of company training.

The German programme stresses areas such as « common core skills » and actions to promote job creation in the special situation of the new *Länder*. Some programmes stress the importance of further policy development in teleworking and flexible work organisation.

The **challenges** arise from the need, at European level, to pool our knowledge and experience of experimentation in these areas. We have to place all these different actions within a clear structure - a common context to which we all have ready access. In this way, each Member State will be able to make informed decisions on the way forward and then invest in the approach chosen.

This is a two-way process that has two main benefits:

- most importantly, the **policy impact**: we want to extract from these innovative projects whatever lessons can be learned for policy development. To that extent, our target group must be those who formulate proposals for new actions, programmes and legislation ;
- secondly, the « **customer base** » within what has been called the « bottom-up approach » - namely the organisations mounting the projects within and across the Member States. If we can succeed in explaining the challenges and problems that are emerging, then they will be in a better position to mount the kind of projects which will take us forward.

And, you know, I can't help wondering whether, on both these points, we have not been a little too cautious, although I suppose this can be considered normal during the early days of a major new programme.

Could this be the right moment then to introduce a little more focus, while preserving the « bottom-up » principle ? I wonder if, for both Objective 4 and ADAPT, we should not be putting more effort into explaining our strategies and outlining the sort of actions and networks we want to develop, step by step, up to 1999.

These are complex issues and, within the ADAPT Initiative, they will form a major part of our common work programme this year and again next year. In 1997 we will have the second and last call for proposals. That call will also have to take account of the new ADAPT priority proposed by the Commission in relation to the Information Society - ADAPT-BIS - Building the Information Society. A sort of ADAPT Mark 2, with the emphasis on the human aspects of the information superhighway.

The social dimension of the Information Society is a relatively new area of concern for the European Union. So far, we have concentrated on markets and applications in information technology and telecommunications. There has been much debate about the socio-economic effects, but we must now begin to develop our policy in this area.

The Community Initiatives, with their emphasis on innovation, experimentation and transnationality, are an ideal cradle for ideas in this area. ADAPT-BIS should provide a particularly rich basis for action, building on the existing priorities and measures already agreed with the Member States.

Objective 4 is also linked to another transnational programme, LEONARDO, designed to take account of the radical changes in skills and qualifications in training schemes. Special attention is paid to core skills and key competencies, to enabling individuals to tackle ongoing change and manage their own personal development and to facilitating skill transfers.

In conclusion, we have in Objective 4 and the ADAPT Initiative what amounts to a new strand in Social Fund operations focusing on new technologies, new work patterns and a new approach to education and training.

And let us not forget - the aim is still to prevent unemployment.

This why Objective 4 and ADAPT are such an essential part of the European employment strategy.

And, of course, all this new activity needs to be planned in a medium - to long-term timeframe. so I say to you all, and especially the business community: *look to the future*. Look beyond today's problems to tomorrow's challenges. What technologies will you be using down the road ? How will your organisation be structured ? What training and re-training facilities are needed ? What strategy are you drawing up to meet the challenges which lie ahead ? Who is involved in formulating this strategy ? In short, are you preparing for industrial change ?

If you are, you will have my unqualified support. You will have the support of the Commission as you look to the future and prepare your workforces through training and retraining. Your investment in **them** is possibly the most important business decision any of you will take in the next few years.

I believe that it is damaging that in the public mind, technological progress and economic growth are becoming associated with increasing unemployment. I know that the man in the street is asking: what is progress for ? Who benefits from growth ? We must convey the message that the current level of unemployment in Europe is **not acceptable** in human or social terms. And from a purely economic standpoint it represents an enormous waste of unused resources.

It is time to reverse the trend. It is time, as the Madrid Summit has again reminded us, to develop and implement active employment policies which will lead to a drop in the number of people excluded from active economic life in our societies.

This active approach may take us into new and unfamiliar territory.

This unfamiliarity has meant that the Objective 4 programmes have had a slower start than we had anticipated. I know that a whole new type of organisation had to be put in place to try to get programmes moving at national and regional level and despite efforts to ensure the fullest dissemination of information, the target audience was not always reached. Small and medium-

sized businesses often remain unaware of training opportunities and are ill-adapted to long-term, preventive strategies.

But I believe that we will now begin to see the real fruits of all the efforts made. 1996 will be a year when the programmes are fully operational, enabling large numbers of men and women to acquire new and improved skills which will help them to cope with the challenges of industrial change.

COMPETITIVENESS, SOCIAL COHESION AND EMPLOYMENT
ALEXIS JACQUEMIN³

³

Professor of Economics, Catholic University of Louvain, Principal Adviser to the European Commission

The Europe of the single market has become the Europe of unemployment. This situation is not just an economic problem, it is also a social and human drama, presenting a challenge not only to our political leaders but also to industry and the trade union organisations. The response cannot be boiled down to managing unemployment. In the face of the changes in industry and technology and of the apparent exhaustion of the feeling of interpersonal responsibility, which is liable to give the weakest up to their solitude and make the strongest close in on themselves, it is a question of adopting a voluntarist approach which rejects determinism, anticipates change and endeavours to prevent unemployment.

Given the quality of the experts who are going to put their talents to use during the various workshops planned, it would be presumptuous of me to claim to get to the heart of the matter. Allow me rather to place your practical experiences and your analyses in a societal context.

My starting point is a paradox that is not stressed enough. On the one hand, our countries have up to now experienced a sustained real rate of growth over a long period, inflation is largely under control and the trade figures are in balance. Average purchasing power has increased remarkably, life expectancy has gone up considerably and the education system has been extended to all.

On the other hand, though, the feeling of insecurity has become paramount and the society which we allowed to grow in the 1980s is not living up to expectations. It is often merciless to the weakest, and the situation is particularly exacerbated when the prosperity of a majority of citizens is more visible and the inequalities become more glaring.

This observation gives rise to questions about the choices between market mechanisms and solidity of the social pact, between competitiveness and solidarity.

Originally, the notion of competitiveness applied to the enterprise. It was therefore at this level that various micro-economic indicators and benchmarks were devised. By extension, this notion was applied to national economies and regional groupings. The criteria are then of the macro-economic type, such as total factor productivity, level of GNP⁴ and its growth rate. There is talk of competitiveness between nations or within the Triad, or even between capitalist systems. In all cases, however, the criterion is the improvement of economic efficiency, which requires a re-allocation of resources.

⁴ Gross national product (GNP)

In contrast, the subjects of cohesion, consensus in civilian society, the distribution of resources and the Welfare State are generally tackled from an ethical viewpoint and are subject to normative judgements.

A presentation of this sort might therefore suggest the existence of an inevitable choice between efficiency and solidarity. Promoting the social dimension would mean reducing or even arresting the dynamics of the market mechanisms. That would be the price to be paid for respecting our socio-cultural values.

This conflict is being increasingly called into question. On the one hand, it is true that the choice of a company model calls for a social ethic that has to supplement, correct and go beyond the mere economic dimension. Fairness, sharing, conviviality and respect for the person are all values that the market cannot provide. If necessary, respect for these values of society can lead us to not being subject solely to the interest of the market and to accepting a lower level of economic efficiency.

On the other hand, there are a number of signs that suggest that the choice between efficiency and social cohesion is not such a radical one as might be thought. On the contrary, it might be wondered whether we are not moving towards an economy where the winners will be precisely those who know best how to appreciate man in his entirety, in his capacity to be fully responsible and not just as a tool of production. This central issue for the future of European society must be tackled head-on as a matter of some urgency. At the present time, we have only a varied set of thoughts and studies that must be systematised.

A number of documents are currently taking this new line. For example, in the report by the Advisory Group on Competitiveness (Ciampi report), set up by President Santer, it is stated that « the dichotomies opposing individualism and social consensus, competition and cooperation, liberal and socially-inspired policies seem simplistic ».

A wide consensus has to be brought about on a European model, bringing into play the market mechanisms while backing them up with policies that respect the social dimension of an economic activity. In this context, the State's fundamental role is not that of entrepreneur but of guide: it must be a regulator and a redistributor. »

The report continues: « Competitiveness constitutes neither an end in itself nor an objective. It must be an effective way of raising the standard of living and improving social well-being... The competitiveness of a country or region depends predominantly on its capacity to invest in intangible factors », such as infrastructure, services of general interest, research, training and

education. These factors are the main assets for attraction and keeping economic activity and employment.

The next stage is to ask whether a number of factors linked to a « social market economy », far from constituting a handicap, could form an important contribution to the overall effectiveness of European development, as some recent studies suggest.

Two levels of analysis may be considered:

- a) **At enterprise level**, the traditional approach is based on individualistic and opportunistic players who respond to the signals from the market. On the other hand, the institutions would create interference effects that would give rise to certain flaws. Nowadays there is a new emphasis on transaction costs linked in particular to the difficulty of drawing up contracts for all transactions, especially between employer and employee.

As the winner of the Nobel Prize for Economics, D. North, stressed, if economic institutions are not able to ensure a credible and stable commitment, a great many economic relations which are the source of mutual benefits will not be established. For example, an employer may wish to invest in the development of a worker's know-how, but he will not be encouraged to do so if the latter is perfectly free to change company. Similarly, a worker in a precarious job is liable not to put everything into it if he is looking for alternative employment. In more general terms, management studies show that long-term relations and the development of mutual trust may constitute a crucial competitive edge.⁵ This is what the recent study by F. Reichheld suggests.⁶

These studies endorse the message put across by the Commission in its White Paper on growth, competitiveness and employment about the need for double flexibility, both internal and external. « It is up to individual companies to improve internal flexibility by means of staff versatility, the integrated organisation of work, flexible working hours, and performance-related pay. Tailored to the European company model, it should be central to negotiations within the company. »

One implication of this approach is the importance of information and training within enterprises. In contrast to its traditional, patriarchal and hierarchical structures, the enterprise needs rapid information systems, more flexible interactivity and drastic simplification of procedures. According to a survey of more than 200 European firms,⁷ the

⁵ See in particular M. Casson, *The Economics of business culture*, Oxford University Press, 1991 ; J. Kay, *The Foundations of Corporate Success*, Oxford University Press, 1993 ; B. Coriat and O. Weinstein, *Les nouvelles théories de l'entreprise*, Livre de Poche, 1995.

⁶ F. Reichheld, *The loyalty effect*, Harvard Business School Press, 1996.

⁷ Booz-Allen & Hamilton, op. cit.

bosses do indeed consider that management of their human resources has become crucial and that radical reorganisation is needed.

This need is confirmed by the Commission's TARGET report, which comprises a synthesis of surveys of 500 firms on various aspects of human resources. One conclusion is an apparent lack of strategic thought on this subject and of links between capital investment and investment in human resources.⁸

In actual fact, it is a question of reconciling productivity and flexibility by basing productivity itself on the flexibility of tasks, manpower and operations. This « industrial relations technology »⁹ leads on to process quality by introducing new lines of communication - horizontal or transversal - between departments, which requires a considerable involvement on the part of employees. This involvement in turn requires new skills, cooperative labour, employee participation and multi-purpose qualifications.

In more general terms, the Taylorian organisation would derive its efficiency from the strictness of the divisions between, the functions of the firm, between tasks and trades, and from the precision of planning. However, these principles, which make it possible to bring down costs in a stable environment, work very badly for variety, reactivity and, above all, quality or innovation. Hence a tremendous upheaval: « whereas Taylorism was constructed entirely on an ideal of zero communication, the new productivity is directly linked to the capacity for *cooperation* of all the parties in the system of production, from those upstream to the customer via the operating departments. *Efficiency is relational*. The productivity of operations is giving way to a productivity of interfaces ». (P. Veltz, 1994)

- b) **At national level**, a number of econometric studies, based on endogenous growth models, call into question the traditionally accepted relations between growth, inequality of incomes and social security.

A first type of research concerns the relation between growth rate and inequality of incomes. T. Persson and G. Tabellini (**American Economic Review**, June 1994) arrive at the conclusion that, in democratic countries, inequality is prejudicial to growth. Two samples are used. The first consists of the United States and eight European countries (Austria, Denmark, Finland, Norway, Sweden, Germany, the Netherlands and the United Kingdom). It comprises an analysis of historical data, with the observation covering a

⁸ Report produced by the Task Force for Human Resources (1993).

⁹ H. Shimada, in EEC, « Conference on industrial relations in Japan and in the Community ». Brussels, October 1991.

period of 20 years. The second sample covers a wide-ranging set of developed and underdeveloped countries. The study is of the cross-sectional type.

The econometric analysis, which examines the impact of a series of variables on the average annual growth rate of per capita GNP, shows that, in the case of developed countries, a high degree of inequality in the distribution of personal income has a significant negative effect on this growth rate.¹⁰

Subject to confirmation, an important message from this study is that, irrespective of considerations of fairness and solidarity, the public authorities must take account of the fact that, if they permit an increasingly unequal distribution of income, with the rich becoming richer and richer and the poor poorer and poorer, they will be faced with reduced growth and losses of efficiency.

Other studies analysed by A. Atkinson¹¹ test the relation whereby the countries with high levels of social transfer expenditure are characterised by poor economic performance.

Two types of exercise were carried out: one concerns the relation between the level of GNP and the importance of the Welfare State, the other uses the GNP growth rate as a dependent variable. Atkinson's survey concludes that the results are mixed. They do not furnish clear evidence of a negative impact of high social transfers on the level or growth rate of GNP.¹²

Rather than blaming the existence of a « social » market economy, which would be detrimental to economic efficiency, these initial studies suggest that, depending on the forms taken by social transfers and the accompanying conditions, the effect on behaviour patterns may be positive or negative. It is then a question of revamping the system so that it forestalls the exclusion of the social fabric, keeps manpower on the labour market and supports reskilling not only outside but also within the enterprise. It is in this context that the use of the resources of the **European Social Fund** currently available to adapt workers to changes in production systems becomes truly meaningful. Measures of this type provide a response to the observation that the invisible hand of market forces cannot by itself reconcile the pursuit of individual interests and collective ideals. Various forms of consultation and cooperation are called on to ensure a greater degree of consensus than that secreted by the multiple forms of capitalism.

¹⁰ The authors pay particular attention to the analysis of the sensitivity of the results, which involves in particular determining whether they are not distorted by a reverse causality that would lead to a simultaneity skew. The various tests carried out « *suggest that our results on the negative effect of inequality on growth are not due to reverse causality* ».

¹¹ *The Welfare State and Economic Performance*. Discussion Paper, Welfare State Programme, LES, May 1995.

¹² Of the nine studies examined, two conclude that there is no significant effect on annual growth rate, four find a negative association with the average growth rate, and three come up with a positive sign.

This brings me finally to consider the nature of this capitalism.

The well-known work by Michel Albert (1991), « *Capitalisme contre capitalisme* », contrasts a Rhenish model covering Germany, Benelux and the Scandinavian countries with the Anglo-Saxon model. The former would give priority to collective success, consensus and long-term prospects. The latter would be based on individual success, sense of initiative and free competition. In a study on Japanese capitalism (1993), Shigeto Tsuru emphasises the quality of the associations between the public and private sectors in his country and extols the virtues of an organisation in which the macro-economic and social balances are not threatened by cyclical trends.

However, the limitations of each of these models have also been brought to light: excessive cost of the Welfare State in the Rhenish model, dual society and social exclusion in the Anglo-Saxon model, dangers of excessive homogeneity and corporatist collusion between the State and industry in the Japanese model.

It is still true that today the future of our form of capitalism is not assured. A number of threats are looming. Can we preserve our specificity in a globalised world which seems to be tending towards homogeneity ? Can we cope with our budgetary constraints without dismantling our social system ? Can we promote our values that are jeopardised by the temptation of individualism and introspection ?

It is with these questions that I should like to finish. Our future is full not only of uncertainty but also of hope. Over and above chance or need, we must apply ourselves to realising what President Jacques Delors, in another « Bruges speech », called his dream: « a Europe rid of the shackles of Yalta, a Europe using its vast cultural heritage to advantage, a Europe placing the imprint of solidarity on a world which is excessively harsh and far too forgetful of those it excludes».

SUMMARY OF THE DEBATES

VERBATIM

“For me, Objective 4 represents a turning point. Why? Because we Europeans were sliding into an acceptance of what we might call the obsolescence of human capital. Our reasoning began to resemble that of the macroeconomists who study the succession of generations of capital, a new machine replacing another which is discarded. It is impossible to do this for workers and managers. So we were creating a trap for ourselves. I think that it is a good initiative to try to change directions and I perceive Objective 4 as a reaction and not an adaptation.

And what is the fundamental meaning of this reaction? Firstly, it is important to realise that it is a European response. Europe has a heritage, and in the area which interests us, it has a heritage of social cover, social dialogue, workers’ rights: it cannot abandon it. So it is not possible for Europe to have exactly the same response as the Americans or the Japanese. This, for me, is the meaning of Objective 4.

Our European reaction consists of trying to create, structure and apply a new conception of something which is today absolutely essential: flexibility”.

James Ronald GASS

“So the only way to differentiate our race for competitiveness is through our human resources. We must ensure a very great responsibility of our workforce in order to reach a level of differentiation which is not reached by other economic blocks in the world. We need to act very quickly and carry out these programmes with our partners”.

Christoph SCHULZE (Flender AG - Germany)

"I think it is essential to bear in mind that over these two days, we have of course discussed an instrument, but also a conception and a philosophy and the instrument serves to advance the acceptance of the concept of anticipation of accelerated changes".

Peter ZANGL (Director, Directorate General V, European Commission)

Chapter 1

Anticipating the jobs of tomorrow

The anticipation of skills and jobs is at the heart of the Objective 4 strategy: it will only be possible workers to adapt for to industrial change and to encourage competition in companies if the workers and their companies know the direction in which they are going. Yet it is not easy to perceive the notion of anticipation. Many questions arise regarding what it consists of, the methods and tools for achieving it, how they are to be applied and in what direction as well as the many means required to mobilise them and the partnerships they involve. Moreover, the timing of the anticipation is also important: when is it necessary to put it into effect?

a) What is anticipation?

Verbatim

“What is anticipation? It is being alert before making a decision. It is a process. Above all, it is being aware that there might be problems. This involves analysing the situation, the environment and the means at one's disposal. Then this must be translated by the desire to do something and to take action. Last but not least, it is an educational process.”

*François BALESTERO,
European Trade Union
Confederation*

There is undoubtedly no official and definitive definition of the notion of anticipation applied to the field of industrial change. However we can say what it consists of: anticipating means breaking down the perception of a problem or a change into elements whose development will be understood more easily which may then be reconstituted into a wider and more structured information base for decision-making.

In other words, the anticipation of skills and jobs is neither prediction forecasting but a means we can equip ourselves with to clarify the decisions we have to take with a view the future. Anticipation can help in decision-making.

Anticipation is not a forecast insofar as it applies to extremely diverse and volatile data: anticipating tomorrow's jobs means knowing what the future will hold in terms of technical developments, work organisation, demands and market trends, financial capacities, etc. It is not possible to control all this data in a single integrated analysis model. However, it is possible to

build logical reasoning which will enable all these elements to be assembled in relation to each other, to “think through” the consequences of the decisions which will be made in each field and their interactions while incorporating the impact of the environment on these decisions.

b) What is the scale of anticipation?

Anticipation should be an ongoing exercise: just as the developments of markets and techniques are continuous, need to anticipate constantly the jobs and skills which will be required in the future.

However, current practices show that anticipation, as a formal exercise, is often carried out in periods of crisis: it is only when an employment area or company is confronted with major difficulties, which sometimes bring their very survival into question, that the players try to find out what the future holds. The example of the region of Enschede in the Netherlands, which has developed the Prospect method in the framework of EUROFORM, illustrates this well.

This practice of anticipation must not be the only one. The European Commission considers that this "proactive" approach is not the priority of Objective 4. Anticipation must be an innate state of mind. In fact, it must prevent difficulties from arising; according to the proverb "prevention is better than cure". It is in this sense that Objective 4 will really be a means of preventing unemployment and consequently constitute a real complementary policy to the one of more traditional employment policy under the European Union's Objective 3. Anticipation has a medium to long-term horizon rather than a short-term one: although this seems obvious, we must remember that anticipation is not an emergency exercise in turns of crisis, but a long term-operation to prevent crises.

Undoubtedly, the pace of anticipation is not always the same; it depends on the level at which it takes place.

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Prospect is a new instrument for analysing the employment market which takes an integrated approach to the mechanism of supply and demand.

It is a method of research for anticipating the real situation of the market and future socio-economic developments.

The research activities are based around three fields:

- employment,
- labour,
- training.

For each of these fields, the information is collected at different levels so that this may be linked together. But this link may also be made between the various levels of the three separate items. This is Prospect's great strength: linking and integrating information. Thanks to the regular repetition of the research activities, the trend and changes in the employment market emerge clearly.

The general study of employment provides, every two years, a picture of the strengths and weaknesses of trade and industry, employment prospects and the participation of labour in the employment market.

Each year, some 750 companies belonging to selected employment sectors participate in a targeted telephone survey. We question the person in charge of human resources on the workforce and training in his company.

This survey enables us to note the level of employment, job vacancy forecasts, the qualifications required and the related recruitment problems, both for a particular company and for the whole of a selected industrial sector.

Following this telephone survey, about 25 percent of the companies will be visited by an adviser who will check the data collected in order to determine the job profiles and take stock of the vacant posts and posts becoming vacant in the short-term.

A job profile covers occupation, technical skills, working conditions and training characteristics.

Thanks to these profiles, combined with the employment forecasts, training requirements for (re)skilling staff can be forecast, both for people in and out of work.

To reach its objectives, Prospect needs a set of basic data on manpower. This includes the total quantity of manpower, the number of job-seekers, the level of studies and the main target groups which can be defined.

Every two or three years a regional study of manpower is organised, aiming to bring together the data on the local employment market profile. This data is then analysed by the controller of the target group with a view to determining to what extent these groups benefit from the existing vocational training, work experience programmes and placement measures.

This method can thus highlight the most efficient methods. If further information is needed, research is then done on a representative sample of a specifically determined group.

By linking the results of the research on the labour and employment sector, Prospect is able to indicate the initiatives which might improve the situation of certain target groups on the employment market so that they can protect their job or find one. It may also help companies to resolve their workforce problems.

Prospect also researches training possibilities in the region. These are then recorded, entered in databases and compared to the demand on the employment market and characteristics of the labour force.

The results obtained for each of the three items are linked and used to establish an easy-to-read representative "training barometer". By structuring the training in a flexible manner, it is relatively easy to adapt it subsequently and make the appropriate changes.

Verbatim

"We are concerned to activate policies in favour of employment and the job market. I think that anticipation is one of the ways in which we can be the most active, that is to say, by trying to prevent the problem from arising. This is the logic of the action that we have followed for a long time in defining policies to benefit employment"

Peter ZANGL (Director, Directorate General V, European Commission)

Prospect, on the whole, constitutes a different approach to employment policy and provides new means for: forecasting job changes, discovering current and future training needs, matching supply and demand and increasing opportunities for job seekers.

There are many beneficiaries of the Prospect method.

Employers: it enables them to find qualified staff for current and future needs.

Individuals: it enables them to safeguard their job or to find one.

Policy managers: this instrument helps them to set up efficient means and to assess the effects of their policy.

Training organisations: it enables them to provide training in direct response to companies' needs.

c) Micro or macroeconomic anticipation?

The two levels are relevant but do not meet the same needs or the same operating conditions.

At microeconomic level, anticipation helps to prepare for the future in a practical and operational way. The example of MOTOROLA (cf. Box 2) shows that the main purpose of its anticipation was to integrate two concerns into its medium-term decisions: a social concern to develop the qualifications and skills of its employees who had relatively high company seniority (15 to 20 years) and obsolete qualifications, rather than replacing them; an economic concern which satisfies the requirement which this company has of producing a new generation of semiconductors so that its parent company will invest with a view to maintaining jobs and developing it.

In this example, anticipation is very directly linked to the strategies used for investment, organisation and management of human resources, and especially for the preparation of a training plan. In fact, as the manager of MOTOROLA remarks, it is practically impossible to say how work will be organised five years hence; however, it is possible to take action so that the employees can understand the changes they are going to experience and adapt to them.

The Toulouse Electronic Centre, established in 1967, is the leading manufacturer of semiconductors in France. It is the European centre of discrete, radiofrequency semiconductors, high-reliability components and integrated analog circuits. Since 1994, the centre has been doing considerable research in the fields of chemical sensors and intelligent power integrated circuits

The Toulouse Electronic Centre is in a favourable position for carrying through a transition towards new technologies. A training plan has been set up to retrain the skilled workers, all concerned by the very short-term loss of their jobs so that they can be operational in new jobs. Non-technical retraining was organised to give the employees the means of becoming parts of a system of ongoing, compatible with the rapidity of the technological changes in their sector of activity.

This plan complies with the priorities of the branch agreement and is compatible with the company's job development strategies. It should enable the Toulouse Electronic Centre to acquire investments from its parent company with a view to job's maintainance and development.

The Toulouse Electronic Centre directs its investments towards high added value products to the detriment of less sophisticated components. This is how the increase in the production capacity for SMART MOS new generation semiconductors which will be multiplied by 3.5 at the end of 1996, will provide for enable the launching of new products with high added value resulting from this technology and also for productivity gains.

The technological development which underpins this movement is characterised mainly by two aspects:

- integration of more powerful components: SMART MOS technology is based on a voltage-controlled logic instead of current-controlled logic

Verbatim

"I think that we overestimate companies' capacities of anticipation and I think that forecasts will be more qualitative. In most cases, companies do not have the means to make quantitative forecasts because they do not control social and economic change".

*Sonja KOHNEMERGEN,
Federation of Belgian Companies,
representing UNICE*

as in bipolar technology. The advantage of voltage control is that the chip with a hence in accordance with the Joule effect less power is dissipated so the circuits can be smaller,

- several functions on one and the same chip: while the chips of previous generations specialised in a single function, the integration level of the new chips means that a number of functions can be grouped together: for example, supply, control, calculation.

The new more compact components facilitate further commercial progress among industrial products.

The strategy of the Toulouse Electronic Centre is to anticipate now the decline in competitiveness of old-generation products by investing in equipment and training with a view to finding new occupations for all the people concerned.

The resulting internal transfers of production lines are accompanied by retraining for most employees whose jobs are changing and the hiring of new recruits for residual needs.

At macroeconomic level, adaptation has the same aims as at micro level but acquires additional dimensions. Firstly, anticipation may be carried out at territorial level or at branch or sectoral level.

For a branch, the anticipation can satisfy one of the priorities of Objective 4: intended primarity for SMEs. We know the latter do not always have the necessary means, either human or financial, to adapt to industrial change. With regard to anticipation, the question raised is even more acute; SMEs do not have the readability that large multinational groups may have. From this point of view, the situation of MOTOROLA is not comparable to that of a small company in the same sector: as the leader in its market, it also structures the means of research and development and may therefore know in advance what the new products will be, whereas no small company is able to do this. Anticipation at macro level therefore enables companies which do not have the means on an individual basis, to gain access to information which will enable them to improve their preparations for the decisions affecting their future.

For a territory, anticipation can be a means for the decision-makers to understand better the changes in the labour market and the priorities to be respected in financial choices, notably with regard to continuous or initial vocational training. The example of Enschede sheds light on this subject. The Prospect method helps the local players, company managers, and also elected officials and technical experts of the local authorities, to clarify their decisions in terms of training policy choices. In this sense, anticipation encourages the forward management of jobs and the employment market.

d) The tools of anticipation

The tools and methods used to anticipate the skills and jobs of tomorrow are varied and depend largely on the context in which it is carried out. Although it is not possible to present them all in detail, we can outline to show the three major stages which seem to characterise them all.

First stage, gathering information. The information required for anticipation is great and varied. It is either existing information which must be compiled and processed according to different methods or information to be built up or reconstituted from disparate elements. In all cases, because of the large information sought a fairly large number of players have to participate: all these people are involved throughout the anticipation exercise. They may be company managers and executives, other employees and their representatives, public authorities, in particular in the case of macro-economic anticipation, training organisations, research laboratories, etc. In information-gathering-phase, it is essential to compare the points of view of these various players in order to check the reliability and relevance of the information to be used subsequently. Thanks to this effort of comparison the data can be broken down in a global manner by viewing the various elements in the same perspective.

Second stage: projection into the future. In the same way as one seeks information which reports on the present (and, possibly on the past), it is necessary to project oneself into the future, to imagine it. This work consists of developing pluralist reflection using current data as a basis for future possibilities: this is where the actual anticipation takes place. It depends on a probable organisation of the information at one's disposal and its comparison with what one can imagine about its future development. This forward reflection is certainly not the same all the time; it is strongly influenced by the environment and the context in which it takes place. About ten years ago we were interested above all in technical and technological changes, in work organisation, in the environment, the labour market, etc. while now we consider more readily to the capacities of employees themselves to evolve.

Third stage: the transfer to the operational. It is not enough to image in the future; we also have to make it possible. That is where the difficulty in anticipation lies; here too is its added value. The transfer to the operational consists of connecting the future projection to the strategy and to the action programmes that we develop to prepare this future. This link allows us to clarify correctly the decisions which affect the future and prepare for it. This may consist, as in the case of MOTOROLA, of using a training programme or, as in the Enschede example, of restructuring the supply of training by helping the training organisations to provide a better response to the demands and needs of companies.

e) The question of transferring know-how and linking the various levels

The various methods used to anticipate the skills and jobs of tomorrow therefore involve these three major generic stages. They may be more or less formalised, more or less sophisticated, more or less complex. Much work has been carried at national and European level to develop these methods. One of the aims of Objective 4 is to make them accessible to as many people as possible and to ensure a real transfer of know-how from the research centres to companies, in particular SMEs.

Anticipation methods exist at macroeconomic and macrosectoral as well as at microeconomic level. One question which has not yet really found an answer, although it is important in the context of Objective 4, concerns the link between these different levels. In fact, the question is: how can we combine the efforts towards anticipation at the different levels so as to ensure continuity from reflection at macroeconomic level to management practices human resources in companies. This question remains on hold but should be answer of in part through the application of Objective 4.

f) Directing and activating anticipation

Anticipation can not be carried out in an emergency or in a short-term logic. At least, this is the philosophy of the European Union in the context of Objective 4. Consequently, a double question is raised: how can we make sure that anticipation is carried out at the right time and who can or should play the role of activator?

To the first question, a partial solution is found in the very definition of the anticipation of skills and jobs: if it is effectively a matter of aiding decision-making and clarifying the future, it seems logical that anticipation should be integrated into the habitual practices of human resource management and therefore carried out on a permanent basis. On this subject, Objective 4 is the most appropriate means for disseminating this approach among companies' but also public organisations' practices.

This is particularly important with regard to companies: Objective 4, like the ADAPT programme, must promote new working and thinking habits with regard to anticipation. It is in this context of the application of these two instruments, when files are being developed, reviewed and selected of that it is necessary to take account companies' attitudes to anticipation.

Then there is the question of direction. The public authorities, at national, regional and local level must be a driving force behind companies so that the anticipation processes are integrated into their usual human resources management practices. This is a question of policy important as

the financing aspect. The position of the European Commission is that anticipation aspect must be directed above all at leading-edge companies, not only at those experiencing serious restructuring and redundancy problems.

Verbatim

"I think that the role of Objective 4 is not to slow down restructuring, especially by subsidising or supporting companies in difficulty. We must avoid, at all costs, the distortion of competition. It is important for us that all the companies of all the sectors and from all regions who might find themselves in identical situations can benefit from the assistance of the Social Fund under Objective 4 under the same conditions. We think that it is essential that the rules for granting subsidies respect the principles of the market economy and the Community competition rules."

Sonja KOHNEMERGEN, Federation of Belgian Companies, representing UNICE

Chapter 2

Adaptation to industrial change and training

The adaptation of workers to industrial change takes effect through continuing vocational training. It takes account of the forthcoming and foreseeable changes in the various areas of production and responds to them through the implementation of training schemes which prepare employees to face both the changes and their results: new technologies, new work organisation, etc.

Access to new technologies or to changes in work organisation throw up two types of challenge: on the one hand, developing the skills of employees at a more sustained rate than as the changes are more rapid; on the other hand, it is necessary to find solutions for the different categories of employees who have only limited qualifications and skills.

Training as a means of adapting workers to industrial change may be approached from several angles. Firstly, there is the question of the access of the various categories of workers to training; this also raises the question of training practices in companies and the capacity of the latter, notably SMEs, to implement training policies in the context of their human resource management. Secondly, training is no longer a function or an isolated resource in the life of a company: qualifying work situations and the recognition of the skills acquired during production should be taken into account in appreciating the contribution of training to adaptation to industrial change.

There is also the question of the position and weight of training in the development strategies of companies and in their investments; if training is a form of investment in human capital, it must occupy, in company budgets, a place equivalent to that of tangible investments. Finally, it is necessary to know, in a global approach, the best way of investing in training: in the same way that skills may be anticipated at macro or microeconomic level, investment in training may be conceived at company, branch, or even on cross-industry level.

But before developing these various aspects, we have to specify the aims of training in the context of the adaptation of workers to industrial change.

a) The aims of training

Training plays a special role as a tool for facilitating the adaptation of workers to industrial change, that is, it prevents the exclusion of less-skilled workers or of those whose qualifications are obsolete. Training also meets, in the context of industrial change, several other major groups of requirements.

On the one hand, a major issue is at stake, the adoption of new technologies: the training of employees aims to enable them to maintain their skills (or to acquire new ones) so as to be able to use the new technologies. In this sense, it aims to transmit new knowledge and know-how which results from the requirements of these new technologies.

Firstly, the very nature of these new technologies, which are founded more on the transmission of information than on the transmission of orders, must be taken into consideration: this implies both changes in the organisation of work (cf. below) and profound changes in the nature of the know-how mobilised: the management of the information flows requires a capacity to understand and process this information and consequently requires various analytical skills, understanding of the environment, etc.

Moreover, new technologies bring in their train new occupations and the strengthening of new and traditional ones played differently within company. The occupations linked to maintenance and logistics as in the case of the CEFORA (cf. Box 3) are areas which require new qualifications and skills.

Logistics is taking on an increasing importance in companies and at the same time, is subject to considerable changes. A company's competitive position can be improved by increased rapidity of action, optimal service and product quality, greater flexibility, the introduction of new technologies, etc.

By logistic management, we mean "the management and optimisation of the circulation of products from the delivery of raw materials by the suppliers to the delivery of products to the purchaser, that is to say, the customer. Logistics management consists of managing in the best possible way, a complex set of separate processes such as the choice of suppliers, the placing of orders, the planning of production, the storage of stocks, internal transport, carrying out orders, external transport.

The current changes of the logistics function concern all its components. These changes can only increase, as many foreign companies plan to establish their European logistics centre in Belgium.

A very high number of workers in charge of logistic tasks take up this function after holding the positions of less qualified workers or employees (for example, warehousemen). The relatively low level of qualifications (most often limited to secondary education) and the limited training opportunities (especially in SMEs) mean that these workers have little chance of being able to adapt to the new changes unless specific training is created for them.

We observe that the demands for training have become stricter: workers are being sought with a higher education standards or having followed specific training.

This is explained by the fact that logistics initially, involved tasks of simple implementation, whereas it is currently evolving towards a function with responsibilities and capacity for decision-making which demands a mastery of complex systems and considerable flexibility of ideas and reactions.

So the worker is expected to possess a wider vision of logistics, vaster skills, for example, in computer technology and broad communications skills, since efficient logistics requires a good flow of information as well as a good flow of products.

Consequence: there is a real danger of exclusion for a large numbers of staff without opportunities for training.

If no training is set up to respond to the current changes in the field of logistics, large groups of workers will be threatened jobless.

Our project therefore aims to enable workers to acquire a broad view of logistics and its evolution and to improve their qualifications in the particular field of logistics for which they are responsible. It consists of a training scheme organised into six modules which is aimed at employees working in logistics departments who have generally never had an opportunity to retrain. It is a cross-industry training scheme: the participants come from companies in a wide variety of sectors (tobacco, wood, paper/card, publishing/printing, construction, building materials, car sales, wholesale trade, transport, computer technology).

Through this training, we are hoping to achieve the following results:

- to enable the workers in the logistics departments to acquire the necessary skills to feel able to tackle the ongoing changes in their field of work and to contribute to the improvement of the logistics chain of their company;
- to ensure that companies have qualified staff to introduce integrated logistics systems and concepts in order to improve the operation of their company and make it more effective and competitive.

The implementation of this training scheme has encountered various difficulties.

Enough thought was not given to the analysis of needs at the outset. At the time of the pilot project, the insufficient distinction had been made between production logistics and distribution logistics. The two were integrated into a single training scheme. A high degree of absenteeism resulted and was resolved by splitting classes into several modules each based on a typical function of logistics.

The composition of the groups of participants was heterogeneous due to the intersectoral nature of the training schemes: the courses therefore have to be designed to interest all the participants which demands significant teaching skills. The choice of trainers is therefore essential. It is difficult to find trainers specialised in integrated logistics in Belgium who are also good teachers. Belgium is lagging behind in the field of integrated logistics. In the end, trainers were sought in Holland.

The return of the trained workers to the company and putting the acquired skills into practice was the main difficulty. This return often proved to be a source of conflict with the management and source of substantiated demotivation for the employee. Logistics covers a whole range of functions in the company. Modifying the logistics management involves in some cases a revision of the organisation chart or the introduction of new working methods or even the introduction of a new communications policy. Not all employers have been prepared to introduce such changes in their company.

To avoid this type of tension, a prior information session is currently organised for the employers, to explain to them the content of the classes, to listen to their particular wishes, to explain to them how they can contribute to maximising the effects of training (coaching) by allowing their employees to contribute to the setting up of a more effective logistics system, to warn them of the fact that their employees will suggest to them new working methods which might be beneficial for the company and which should not be systematically cast aside.

For the future, we are planning to organise training for employers running parallel to the employee training, with the help of the Chambers of Commerce, for example!

Finally, the nature of the production of training is also changing in relation to the new requirements which result from the changes in the organisation of work. The transfer from the scientific organisation of work, which divided tasks into simple and easily understandable units, to just-in-time production, which depends essentially on the management of flows and the almost total abandoning of stocks, profoundly changes the organisation of work because it calls for all the players to be in constant contact and exchange a great mass of information.

Consequently, what is at stake in training today is not only the acquisition of skills and knowledge, but also of behavioural capacities which favour the management of information flows on which the efficiency of the management of product and service flows depends. In this sense, we can say that after moving from a need to know to a need to knowhow, we now have to add a need to know how to teach and inform others, hence to knowing the right behaviour to adopt.

NEW ORGANISATION OF WORK AND TRAINING

The phenomenon we have been witnessing for several years does not come down to a simple adaptation to technical progress but to different production methods; we are moving from the notion of scientific organisation of work characterised by high concentration of capital and labour, standardised mass production, very sophisticated division of labour (design/production/sales) organised according to a hierarchy copied from the administrative system, etc. to a notion of just-in-time production.

Three interacting factors have completely upset the classic data of the Taylorian economy:

- * the new technologies: considerable shortening of distances, telecommunications, computer technology, automated processes, flexible workshops;
- * trade and movements on a world-wide scale: which concerns not only goods and services, but also production factors (capital/labour),
- * the change in consumer behaviour: which has become very demanding, calling for increasingly diversified and personalised production.
- The new techniques provide for a customised industrial production and this is exactly what must happen, while maintaining low prices ...
- Large units are breaking up; companies are focusing on their basic tasks and are outsourcing non-strategic functions, industrial workforces are becoming smaller while services to industry are growing,
- The specialisation of tasks inherited from the Taylorian model is becoming less and less relevant; automation abolishes the most repetitive jobs requiring the least qualifications, externalisation reduces the functions of the head office, industry is becoming service-oriented;

- Unity of time and place is being broken: we can now work regularly in a company without being employed by it and, conversely, we can be employed by a company without going to work on its premises.

To meet to the new demands of production, all sorts of new organisation concepts have been tried out in the last twenty years (total quality management; flexible production and supply according to requirements, participative management, benchmarking and re-engineering). The reappraisal of pyramid-type bureaucratic organisations has both advantages (weakening of subordinate relationships, raising of qualification levels, call for greater autonomy and creativity from employees) and disadvantages: less job security, exclusion, obligations of results instead of obligations of means, obligation to change occupation several times in a career.

These changes also make new qualifications and new training necessary:

- We have passed from knowledge to know-how and from now on it is knowing how to conduct oneself which counts. Collective skills are increasingly important.
- New industrial occupations are emerging: maintenance, logistics, quality and industrial safety.

b) Access to training

The matter of access to training may be approached in two different, complementary ways. On the one hand, it concerns the access of employees to training: all the employees are not in a similar situation as regards access to training schemes. It also concerns the position that training occupies in companies: is it an isolated element within the policy of human resources management or does it form the subject of a global consensus which puts it at the heart of the production process?

Workers do not have equal opportunities to access continuous vocational training. This is not a protest but, a mere observation that men and women do not arrive in a company having followed an identical path. In consequence, those with higher qualifications can gain access most easily to training during their career. Several categories of workers are underprivileged when it comes to training: those whose level of qualification is the lowest. The developments related to industrial change put them at most risk insofar as the cost of “upskilling” can be extremely high, even out of proportion for the company (particularly for the SMEs) It is also these employees who are most subject to the uncertainties of the economic climate as the posts they occupy in companies are not considered as being the most strategic in a period of crisis.

The older employees who, having reached the second part of their working life, have unrecognised skills and/or qualifications acquired a long time ago find they can no longer meet the new demands of production. The risk, for these employees, is not so much the cost that their “upskilling” represents than the opportunities offered

to their companies by younger employees with more modern skills and far lower labour cost.

These employees are close to those who, having reached half-way in their working life, see their functions develop and must consequently adapt to new requirements. But, if for the former, the break might well be total, for the latter, it may only mean negotiating a career change, more frequent today than in the past, although the consequences are less brutal now.

Access to training is no longer equal for everyone depending on the type of company and probably on the sector and function held. The situation of the SMEs is well known: they encounter financing difficulties, but also, and perhaps especially, problems of workload and the replacement of employees away on training. But access to training does not depend solely on the ability to follow training: although the benefits of this must be exploited in the company.

According, access to training also depends largely on how this is integrated into the operation of the company.

The two examples of CEFORA (cf. Box 3) and The Belleek Pottery (CF. Box 5) shed light on this. In the first case, among the difficulties encountered are the lack of understanding suffered in their companies by the employees who had followed training in logistics: their new knowledge led them to recommend modifications in the work organisation which had not been planned; this made it difficult for the senior shaft and the other departments to accept them. In the second case, all the employees were mobilised in relation to the key sales objectives which constituted the framework or the main thread of the training plan.

While in one case (logistics training) the effects of training were neither planned nor expected and concerned only those who had followed it, in the case of the Belleek Pottery, these effects constituted the driving force, the fundamental argument which enabled all the staff to be mobilised.

We can see clearly, by comparaising these two examples, that a training operation cannot be isolated from human resources management as a whole and more generally from the management of production organisation. In this sense, access to training, which can be difficult for certain categories of staff in relation to their own characteristics, also depends on the place that training occupies in the global operation of the company. It is in this framework that the question of the relationships between training and work organisation must be approached.

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The Belleek Pottery is the most reputed manufacturer of high quality Parian ware in Ireland. The company is over one hundred years old with a sound reputation and over the last twenty years has experienced a number of difficulties leading to a low profitability and major staff cutbacks.

A five year development plan was set up. In addition to new investments (new buildings, new facilities, etc.) this plan required a substained changes in the working methods and techniques used.

In co-operation with the Employment and Training Agency, an analysis of the training needs of the whole company was carried out the basis of the conditions required to reach the sales objectives, year by year.

A three-year training programme was developed. Its main characteristic was to meet to the development needs of the human resources in relation to the company's sales objectives. The programme therefore led to a profound change in the way of transmitting know-how. Previously, the operators were trained according to the "I sit and watch" principle, that is to say, without a formalised method. The trainees learnt from the other operators/craftsmen, many of whom jealously guarded their know-how.

The new programme was set up in the light of the critical training which needed solving first, in relation to the company's sales objectives. This process enabled executives and workers to identify clearly with the achievement of commercial success.

The training can be assessed in relation to quantifiable objectives. The training programmes could be amended, strengthened or reduced in the light of their impact on the sales results.

c) Training and Work Organisation

Verbatim

“While it is true that training is one of the major means of preparing for industrial change and the adaptation of human capital, it does not seem to me that all industrial change is the subject of training. The issues of work organisation appear to me to be just as important; they are also perhaps more the responsibility of the company manager himself and his supervisors than a questioning of the overall skills in the employee chain.

If there must be social dialogue - and I think that there should be a social dialogue - it must be balanced: let us not go back to Taylorised training: calling into question the solely employees skills and not managing at the same time the changes in work organisation which do not concern only the employees but also the hierarchy of the company and its organisation.”

Dominique BALMARY, Employment Delegate

The link between training and work organisation is a central question in the context of Objective 4. The adaptation of workers to industrial change concerns technological changes to the same extent as changes in organisation. We have just seen that the place of training in production management policies is crucial insofar as it depends on the exploitation of its effects; but the organisation of work is in itself an issue in training. Because of the new requirements they impose, training has to be incorporated as a basic component of the new forms of organisation

The two examples of Bisseuil Pyrénées Construction (Box 6) and ISVOR-FIAT (Box 7) at different levels, show the interactions which may lead to a qualifying organisation of work.

In this context, training no longer appears as the sole means of access to the adaptation to industrial change: work organisation, as a qualifying process, providing learning while the same time aiming to make the plant and those who operate it as efficient as possible

in economic terms, also becomes a means of adaptation. We may say, in this case, that the organisation of qualifying work incorporates its own of adaptation function.

“In such an organisation, the network is more important than the hierarchy, the organisation chart is more horizontal than vertical. Initially, the executives are more reticent, thinking that sharing knowledge means loss of power, particularly the middle management. A particular type of organisation could not be imposed on them any more than it could on other sections of staff. This would be a nonsense. They must be listened to and their trust gained. They must be shown that there is greater satisfaction in persuading than in forcing, in being a teacher rather than a

boss. Wanting to concentrate knowledge and power means that energy is spent on controlling procedures and prevents reflection on the future and on strategies.

So the intelligent company is not only the one concerned with training but also with sharing knowledge, lightening as much as possible the intermediary hierarchical layers. As for employees, especially the least qualified ones, they need to have confidence placed in them to build with them a culture of initiative and responsibility”¹.

¹ Extract from Michel Lechair's introductory report to the workshop entitled "multiple paths of access to constantly changing qualifications"

The project originated from the joint wish of two European companies in the Building and Public Works Sector, one French, Bisseuil, operating in the Midi-Pyrenees region, the other Spanish, Fercaber, to strengthen and optimise their respective skills and to increase their adaptation to the market and their competitiveness in the building sector in southern Europe.

To reach this objective, a programme was launched to exchange know-how in the technical, financial management and human resources fields. It includes:

- The secondment of management staff for minimum six month periods so that they could impart their know-how to the hosting company and staff.
- The hosting the management staff for minimum six month periods so that they could acquire know-how of the training structure through the application of individual objective programmes.
- The hosting the management staff for maximum 15 day periods so that they could acquire specific know-how.
- The joint preparation, by technical management teams from both companies, of a study based on a comparison of the respective construction costs and techniques for a same project in order to optimise the operating methods of each company in all buildable products (housing, functional and industrial projects, etc.).

The exchange programme should enable a number of essential, complementary objectives to be reached in the development and competitiveness of the two companies:

- appropriation and implementation of new technologies in our trades through training and co-operation;
- increase in our competitiveness through the professional and personal development of the staff;

increase in our customers' satisfaction;

- an essential complement to our ISO 9001 quality action;
- a better understanding by the company of its European market (customers, suppliers, subcontractors);
- a strengthening of the awareness of our European identity.

The exchanges under this programme will be prepared for by means prior studies of transnational exchanges already carried out in the building industry between French, Belgian and German companies who agreed to be partners and of training (given by an organisation specialised in Franco-Spanish relations) aiming to prepare the hosting structures for their task of transferring know-how and language training.

WORKERS AS INTEGRATED PROCESS OPERATORS

ISVOR (Institute for the Development of Organisation) FIAT S.p.A. is the company in the Fiat Group in charge of organising and providing for all the Group's employees (from the workers up to the top management) the appropriate occupational adaptation with regard to both technology and management.

In the framework of the project to retrain the specialised workers as operators/ CPIs, Isvor Fiat acted as consultant to Fiat Auto. To meet to the requirements of industrial challenge, we know that it is now no longer sufficient simply to give good theoretical and practical lessons in good laboratories.

However, during and after this phase, the teachers must be able to monitor directly and meet colleagues who are training in the workplace while undergoing courses with technology suppliers, etc. By accompanying them in this way, they can acquire 'on the job' the special skills of the new activity, operational practices, concrete knowledge of systems, organisation, etc. and also supply the unit managers with decisive help in starting up the unit itself.

The analysis, examination of projects and the first part of the teaching/training phases took place in the first half of 1995.

The project's aim was to teach the skills that were lacking to the skilled workers so that they could achieve the planned results for the role of operator/C.P.I.

The programme for the training operations, which took place in a context very similar to that of actual production, aimed to reach the maximum level of process: specialiation information periods were alternated with periods of practical work on the line, on simulators, in order to ensure autonomous, safe work while remaining in a real factory situation.

The programme was put into effect in the following three phases:

- development of performance plans for the following four occupations: sheet forming operators, welding operators, enamelling operators, assembly operators ;

- analysis of the skill system, linking of the training course and determining of the corresponding modules ;
- definition, for each learning unit, of the specific objectives, knowledge and capacities to be acquired.

Training was carried out in rooms near the Operational Units and materials/ components for the product/process were also made available to the Operational Units for the practical work.

Specific experiences of technicians from the Operational Units related to the production process was also incorporated into the training and the "trainees" were assisted by the technicians in case anomalies relating to subjects covered in the training arose on the lines.

The technical and methodological application of the system was duly accepted and developed with the help of the managers of the Operational Units and the programmes were personalised in accordance with the demands of the various production processes.

d) Training is an investment and a means of fighting against exclusion

Training represents an investment insofar as the workers who benefit from it may, thanks to the new skills that they acquire, be more effective, able to drive new machines, control new technologies, adapt to new working methods, etc. But training is also and especially a means of fighting exclusion: in the spirit of Objective 4, the first aim of training is not to increase the competitiveness of individual companies but to enable workers so to be able to follow developments caused by industrial change. From this point of view, training is intended firstly for workers; it is a means of fighting exclusion from the employment market; it gives Objective 4 its dimension "preventive" in the job market and employment policy.

In the context of adaptation to industrial change, training is also a special investment. In fact, as a means of preparing the future, training is an intangible investment. The need for training is not in question when new technologies are introduced. It is a means of optimising profitability in other intangible investments (which concern, for example, new methods of work organisation) but also in the tangible investments (technological innovations). In the same way that a company calculates its investments in new materials, it must prepare the men and women who are going to operate them.

It is in this sense that Objective 4 which is also a social Objective social aimed employees from being excluded from the of work, makes training a special investment which helps to reconcile economic competitiveness and social cohesion.

This philosophy has two immediate consequences: on the one hand, the training cofinanced by Objective 4 does not have the function of repairing past mistakes but of preparing the future. As the Commission has stated, the intention is not to help of people who are affected by past changes, but by those which are going to take place in the future. In this sense, the training programmes in Objective 4 result directly from discussions which must take place in the context of the anticipation of industrial change.

The second consequence which under the social aspect of training, is that the rule must be to seek horizontal topics which affect several sectors at the same time. Consequently, and this is the novelty of Objective 4, the aim is to seek technological phenomena common to several economic sectors and thus to organise cooperation between companies: between large and small companies, between the different sectors and within them.

Verbatim

To make sure that training in the Midi-Pyrenees takes account of actual circumstances, we have set up, agreement with central government, a regional employment observation centre for trades and qualifications. This structure should allow us to monitor developments, try to define strengths and possibly to anticipate. This observation centre monitors a panel of companies selected on the basis of their representative. The reference companies are used as information collectors that process information and try to look to the future so that the initial training which is always very difficult to set up can be adapted to changes.

Moreover, we have created Objective Contracts in which, every year, before making decisions regarding the training in the Midi-Pyrenees, we consult with central government and certain branches of made and industry. This enables us to know in advance the direction in which they want to go.

Mr JOURNE, Vice-President of the Midi-Pyrenees Regional Council

In this context, the implementation of training programmes under Objective 4 may be organised in several ways. They may, of course, be organised at company level, but, out of concern in particular to give priority to SMEs. They may be implemented at branch or at cross-industry level. The example of CEFORA, which trains logistics experts, is enlightening. After detecting the emergence of a new function in the company, the profession of logistics expert was defined and employees were trained in this new occupation; this training is intended for employees from companies in different economic sectors.

It may also concern training organised territorially for an employment area or region. As in the case of cross-industry training, this type of application can cover concerning several companies, but with an additional dimension; this presumes that thought has been given at territorial level to defining priorities shared by the companies in the area concerned. In other words, such

training programmes have been prepared and implemented by players who do not come solely from companies reviewing assistance from the European Social Fund.

Then, the public authorities, which, as we have seen in regard to anticipation, must be a driving force in implementing the adaptation of workers to industrial change have to take action. The Commission considers, and this is one of the priorities of Objective 4 (Improvement of the training systems), that in certain cases, specialised organisations must be established at area level. These organisations must give support to the companies which need it, notably SMEs, in organising the transfer of skills, knowledge and technology between companies, etc.

Chapter 3

A priority, of small and medium-sized companies

Small and medium-sized companies are a priority under Objective 4. They are the companies which create new jobs and need most help to cope with the consequences of industrial change. SMEs are often unprepared, in terms of human and financial resources, to adapt to change.

Beyond this aspect well-known, but not always taken into consideration, a few major topics of discussion must be selected regarding the application of Objective 4 to SMEs. Firstly, the concept of SME covers very disparate situations; company with a staff of 20 or less does not operate like one with 500. In the second place, in accordance with the SME priority replaces the help given them is not only financial.

More than any other business, the SMEs have to join in partnerships to cope with industrial change. Such partnerships may take different forms: between the SME and the large companies, around ad hoc or professional groupings. Lastly, there is the issue of the nature of the operations to be organised with SME in the context of Objective 4: the content of the measures cofinanced depends on features connected with their size.

a) The diversity of the SME must not hide the priorities

To say that the SME are very diverse, that this group is made up of very different elements is certainly nothing new. Consequently, it is necessary to update the intervention methods adapted to the SME in the application of Objective 4 and ADAPT, to take account of the main characteristics of these companies.

We may consider that there are three major characteristics to be selected: the first concerns the level of functional equipment of these companies, that is to say, the means which are not directly allocated to production and with which they have to manage all their resources and charges. In

other words, the companies who most require support are those who will have, through lack of internal skills and means, the greatest difficulty in anticipating and preparing the future. Very often, it will concern the smallest of them.

The companies concerned by Objective 4 are those which do not have a real control over their destiny: the SME who work mainly in subcontracting depend greatly on their contractors in many fields of their activity and management. They only rarely have the possibility of anticipating the modifications to which they will be forced to adapt.

Finally, the third characteristic concerns the relative isolation of these companies: ill informed, often poorly integrated into the professional networks, they only have a low readability of their future and particularly of their environment. This does not favour anticipation and does not allow these companies nor their employees to cope positively with the phenomena of industrial changes.

Altogether, if the SME are a priority of Objective 4 and the ADAPT programme in this vast and varied whole, these are the companies who have the least international capacity to act which must receive the most sustained attention of from managers of European cofinancing. If we consider the characteristics of the SME we can understand that the latter need more than financial help.

b) The various forms of support to the SME

The support to the SME in the process of applying Objective 4 must be multi-faceted. Although financial support is an important element, it is certainly not unique nor always a first priority. In fact, to have access to cofinancing, the SME must be able to know what it is possible to do with Objective 4 and the ADAPT programme; they must also be able to put together a file, to prepare a project, to find the skills they need, etc. In addition to the financial aspect, three large categories of support may be given to the SME

The first aid to be given to the SME is information. There are many managers of small companies who do not know their rights and the possibilities of action. But the responsibility for information is always shared between the one who imparts it and the one WHO is supposed to receive it. This means that if the managers of the programme must make the necessary efforts to "reach the target", the managers of the SME must also, for their part, be attentive and know how to seize opportunities.

Once transmitted, IT IS IMPORTANT TO know how to use the information. The complexity of the questions to be dealt with (without tackling the question of the administrative complexity of

the files, which is sometimes criticised) requires a certain skill which we know is not always available in the targeted companies. Technical assistance therefore has a particular responsibility to facilitate access of the SME to Objective 4. These must be able to find the relays, skills and means of analysis required for developing projects. This technical assistance may be dispensed by several types of players: public departments, professional organisations, Chambers of Commerce or Trades, etc. For these relays to be efficient, they must truly exist and have proper training. The application of Objective 4 therefore supposes that means are used to ensure the presence of these relays in the field. In this sense, some people evoke the required willingness to “filter down” the information and the skills from the “high spheres” of the Commission towards the companies. The national, regional and local authorities can play a major role here.

The last form of aid which might be given to the SME is a result of the preceding one: it is to ensure the existence of a real capacity to implement the actions provided for in the cofinanced projects. In fact, while the large companies can easily have access to skills and training, the SME can encounter more difficulties. One of the priorities of the Objective which consists of strengthening the capacities of the training system is particularly important for the success of the actions of the SME

The issue of the various forms of help to be given to the SME is very important. In fact, one of the action principles of the structural funds is the so-called “bottom up” approach. With regard to the SME priority, this approach is only meaningful if it is organised, supervised and structured by the various managers of Objective 4. The projects can only really emerge and develop positively and effectively if the means are given to the players in the field, who are firstly the managers of the SME, to be real proposing forces.

This leads to the extremely important aspect of the priority granted to the SME: partnership.

c) Partnership, a condition for the success of the SME priority

Everything has already been said and written on partnership. It is no of the operating principles of the structural funds. It is absolutely necessary, it must be real and non-formal, etc.

We can describe, using examples, the dimensions of partnership in the framework of the SME priority of Objective 4 and the ADAPT programme. Two forms of partnership can be implemented.

The first exists prior to Objective 4 as it is based on professional organisations. The example of the AFIM like that of the Chambre des Métiers of the Grand Duchy of Luxembourg shows the role that these organisations can play. Both unite the SME, often very small in size. The latter do not have the necessary means to cope with industrial change. The organisations act as external service providers which develop, in a collective logic, the tools and methods which will be taken up by the SME. In the example of the AFIM, the professional organisation also plays a role of organisation and creation of solidarity by setting up company groupings which will jointly apply the projects devoted to the promotion of the quality action. This global action enables all the questions raised in this sector regarding the change in demand, products, production processes and trades to be tackled.

The second form of partnership is the encouraging of skill transfers between the SME and the major companies. On this aspect, opinions are divided: some of them fear that the stakes between the two groups are too different to allow a fruitful exchange. Others highlight successful experiences. As is often the case, each situation must be examined separately.

A first case in point may be that of the subcontractor-contractor couple. The relationships woven between this couple can be very different. But it seems that a partnership approach can produce enriching exchanges between the two companies and not only from the large to the small company. In the framework of the projects cofinanced under Objective 4, new ways of working can be applied.

A second case will be supplied by the operations of transferring skills and expertise from the large companies to the small ones. These transfers can notably affect the methods of anticipation, the development of training plans, help with understanding changes in demand, etc. These relations can, of course, be organised in the context of the subcontractor-contractor relationship. But it can also be organised in a territorial context or between the companies of a same sector of activity, etc. Many large companies who wish to favour the development of their environment have already been involved in such experiences.

Partnership, of course, only appears very rarely in a spontaneous manner. a certain voluntarism is required and often, an external aid, a sort of mediation. In this field, the public authorities and notably with regard to Objective 4, the cofinancing managers, have a very important role to play. We will see later in what conditions this can be carried out.

PREPARING AND ADAPTING THE STAFF OF SMES FROM THE LUXEMBOURG CRAFT INDUSTRY TO INDUSTRIAL CHANGE

Over the last 25 years, the craft industry in Luxembourg has experienced profound changes, both quantitative (70% increase in the working population but a 20% reduction in the number of companies, 100% increase in the number of executives) and qualitative (modification in the legal status of activities, introduction of new technologies, etc.)

This programme aims to assist and support, through training, the deep restructuring process in the craft industry in Luxembourg. The concrete aims are:

- to define the qualification requirements for the whole sector;
- to cope with the accelerating obsolescence of knowledge by using the professional skills of all the staff through the implementation of measures of adaptation and anticipation in training.

This project is presented in the form of a several year training development plan (~25 measures per year over 3 years), organised by the Chambre des Métiers which traditionally acts as an interface and catalyst in formulating requirements and producing concrete training measures.

In order to allow all the staff in the companies and all the different trades making up the sector to benefit from the project, the Chambre des Métiers opted for a framework- programme divided into three areas of development.

A horizontal approach of which the objective is the development of qualification measurements and tools for all the companies in the sector (Management of human resources. Internal organisation of the company - Financing of the company - Marketing). This programme is for all the companies in a same sector of trade and all the staff involved.

In the framework of this development area, the Chambre des Métiers is preparing a whole range of products to increase awareness and spread information enabling a multiplier effect to be created for the actions

implemented in the horizontal and vertical development areas. This involves the designing of interactive/multimedia information and dissemination products.

The programme's progress is globally satisfactory: the rates of production are high (80% of the measures planned, 95% of the participants planned). However, with regard to the vertical development line (technical training), the Chambre des Métiers had to cope with several types of difficulties, notably with regard to the concrete formulation of training requirements, the co-ordination between the various participants in the conception and realisation of a training operation and in the creation/search for appropriate infrastructures.

d) The type of projects to be cofinanced

The needs of SME in particular, those which correspond to the characteristics described earlier, are of a different type to the other companies. Consequently, the content of the actions of these companies will necessarily be different from that of the others. In particular, it seems that a distinction should be made between the companies who have specialised needs, in a technology, a type of production, a field or a particular function and which are often the largest companies and those which require a more global and more integrated vision.

In this context, we meet the well-known debate on innovation: what is new in one field or on one territory will not necessarily be so in another field or territory. The same applies in a certain way with the phenomena of industrial change. Changes of the same type do not affect different sectors or companies with the same rapidity or at the same time.. The SME have greatly contrasting situations: some of them notably when they are new, are at the leading edge of innovation and are even the driving forces of certain industrial changes (Microsoft or Apple, before being large multinationals, were SME even if this did not last long). Other SME will only have difficult access to the industrial changes.

Certainly, the European action aims to circulate as quickly as possible the new know-how and the new methods of action. This is one of the objectives of the community initiative programmes like ADAPT. But we cannot deny that the intensity of the novelty will not be the same for small and large companies. The example of the Luxembourg Chambre des Métiers shows that the adaptation of the companies in the craft industry firstly depends upon the access of their managers to modern forms of management.

Therefore, the SME, the target of Objective 4 promoters have special needs which correspond to their own characteristics and which do not necessarily involve the implementation of projects calling upon the most recent new technologies. In this sense, Objective 4 is an instrument to assist the employees: the issue is not to make all the European employees paragons of the new technologies or of the new work organisations. It is a question of allowing them to adapt their skills, qualifications and know-how to the new requirements of the production and the demand in relation to the situation in which they find themselves.

IN THE SPIRIT OF QUALITY AND ECONOMY IN THE S.M.I. OF MOULDS AND TOOLS

The French Association of Mould, Model and Mock-up Industries unites 500 small and medium-sized companies which include on average 32 employees. The sector is growing rapidly (15 to 20% per year), it creates jobs (8% per year) and increasingly uses high technology (3 to 4% of the wage bill is devoted to continuous training).

From 1993, our main customers (Plastics technology, Founding industry, Rubbers) recognised the technical quality of our products but asked us to organise the Quality Assurance for them.

The ISO 9000 procedure is not adapted to SMIs of 10 to 20 people, the cost to set it up is exorbitant and the networks of consultants/certifiers do not know how to operate in the prototype TPI. So the Quality Project "**The Spirit of Quality and Economy**" was developed by the AFIM. It has a triple objective:

- To raise the quality level in companies ;
- To slow down or stop customers from going to Asia to seek what they can find in Europe ;
- To justify the level of costs and services in Europe through recognised and controlled quality.

Based on a few essential, adequate rules (job referential defined in 12 rules) and on a training methodology, this project, supported by the EC in the framework of the FORCE programme is led by the AFIM in partnership with: two other European PO, the Training and Quality experts from each country, our customers and pilot companies.

The progress of the project is as follows:

The AFIM has organised a global plan: the seminars which are consistent with the training plan started for a group of 8 to 10 companies (1995) and several other groups are planned in 1996. The first aim is to make the company manager decide to adopt such a training plan.

He participates in a 3-day seminar, learns about the complete project and the means to be implemented to obtain the desired results. Same seminar for the supervisory staff (foremen, shop steward). Only then does the company manager, with the support of the supervisory staff decide whether or not to undertake to train all the company staff. If he does decide to go ahead, the supervisory staff, with the help of the external teachers approved by the AFIM, will train a few technical engineers in the company who will then be responsible for training a small team of operators, etc.

The AFIM's mission is then to make regroupings of companies and to seek for the constituted group, a financing of part of the cost of the operation. Finally, the AFIM puts together the necessary files for each company and the grouping file (global engineering).

This training cycle, helped and co-ordinated by external teachers, aims not only **to control quality** but also the **economy** of the production to achieve competitiveness. These teachers are men from the field with a good experience of small metal working companies and are QUIMM approved.

Chapter 4

The role of the social partners and of public authorities

By deciding the creation of Objective 4 and the ADAPT programme, the European Union wanted to undertake and engage the companies in a new policy. This novelty involves a certain amount of learning. The companies must learn to think out their development strategies by anticipating their future needs in skills and in jobs and they must consequently develop the training programmes which will translate their directions for the future. Within the companies but also on a sectorial and interprofessional level, the social partners must learn to imagine the future together and to organise their negotiations as a result. The public authorities must learn not to play only on the level of regulations and of authority but also on the one, often new for them of collaboration and professional exchange.

This learning is the result of the political choice made by the managers of the European Union, but they are also made necessary by the nature of the questions which are raised. In fact, the industrial changes, insofar as they translate the profound modifications of the companies and therefore of the operation of the employment market, have become a field of shared responsibility between the social partners and the public authorities, regardless of their level of intervention.

The adaptation to industrial change is no longer only a technical and economic problem taken into account and managed only by the company managers, it is also a political question to which all political authorities and citizens must strive to find replies.

It is in this sense that the partnership, the importance of which we have already seen for the SME., has become one of the key notions in European policies and programmes. It is also a commonplace word as we hear it all the time although it often only exists on paper. Partnerships

can seem difficult to set up. Many reasons can explain this difficulty but one, in particular, stands out: partnership is difficult to achieve because it applies to complex problems. This is notably the case with regard to the one which underlies Objective 4 and the ADAPT programme: the managing of change is not an easy exercise.

However, it is the very complexity of the exercise which requires the partnership: the complexity of the process, the large amount of data to be taken into consideration, the need to advance at a rhythm which is bearable by all the players concerned, are all reasons which make partnership necessary.

The application of Objective 4 and of the ADAPT programme involves many players. The partnership between these various players may take different forms. However, two major lines can structure partnership: on the one hand, the social dialogue which involves a collaboration between the company managers and the employees. On the other hand, the link of the private initiatives and the action of the public authorities which can and must play a role in the process of change and adaptation of workers to industrial change.

a) Social Dialogue

The social dialogue is accepted as a first dimension of Objective 4. The anticipation of the changes and their consequences, the development of training programmes cannot be made

Verbatim

"I remembered the term social dialogue (...) because I am convinced that the company of the future will be a company of men; that is to say that we are going to place economics at the service of man and no longer man at the service of economics. Through the social dialogue, we are moving towards a logic of negotiation. There cannot be change and development of the company without the participation of the collaborators of the company in this development".

Herlant BARRIERES (Chairman of THERMIDOC - France)

unilaterally. The adaptation to industrial change, due to its own characteristics, search for flexibility, reactivity, cannot be decreed or granted. It can only result from a negotiation and a co-operation between the various players of the company. The results obtained by the involvement of the employees and their representative organisations in the management of the processes of change show that social dialogue also has economic virtues. Studies carried out in Sweden have highlighted affirmed relations of cause and effect between this involvement and the increase in productivity gains.

The form, contents and level of social dialogue cannot be decided once and for all. Cultural traditions, the nature of the economic sectors, the background of the companies are all basic data to be considered. However there some characteristics do emerge.

Verbatim

The objective, for us is employment - suitable employment. The adaptation to change is not only a social assistance. You must do everything to maintain the company's employment level.

For unionists, this involves the need to be informed, to participate. We have mentioned consultation but this is not enough. We must negotiate and this is different. We need to know how, together, we will decide to ensure the future of the company, its competitiveness and the employment of the workers. It is essential to be able to control the changes and developments.

François BALESTERO, European Trade Union

With regard to adaptation to industrial change, the social dialogue cannot be limited to the consequences of the processes of change. It must also influence the conditions of the emergence and implementation of these changes. The social dialogue must deal with all the processes, from the anticipation of needs for future skills and qualifications to the content of the training schemes to be used and to the changes that this involves in the work organisation.

Consequently, the social dialogue is the condition of the transfer from the individual acquisition of new skills or new know-how to the collective dimension of the competitiveness of the company. In fact, we know that with regard to the industrial changes (cf. above, chapter 2) that training does not produce significant results unless it is accompanied by a considerable

modification in the organisation of the work. So, the involvement of the employees in the process of change gives the actions used their veritable collective dimension. It also limits the obstacles to the changes, notably those due to the fear of the future and concerns that these future prospects might provoke.

In particular, it seems that for the SME which very often are not greatly unionised, a branch or interprofessional social dialogue, organised for example territorially, may make up for the absence of union representation in the companies. Efforts must also be made in this area, due to the priority granted to the SME in the context of Objective 4. In France, for example, the government has encouraged the social partners to engage in discussions on this subject in the framework of its SME plan.

Verbatim

From a strategic point of view, we are still asking for a European negotiation on Objective 4. As an example, as an experiment, there is a large requirement for a modernisation project negotiated on a European level.

At the Commission we are asking to be far more involved in Objective 4 and in the ADAPT programme. We want to play a bigger part in it. But for us Objective 4 is situated in a much wider context: we need a European industrial policy. Why not have a European Innovation Council? This does not mean that we would no longer do anything on other levels. But the European level might co-ordinate, help in research, in anticipation, in the co-ordination of all the policies which are defined on a national level. This would enable a global approach, an offensive European policy on the issues which are facing it today.

François BALESTERO, European Trade Union Confederation

But the question is also raised over the link between the various levels on which the social dialogue takes place. We may suppose that the contents of the dialogue will not be the same depending on if it takes place at the company or the branch level. The adaptation to industrial change is an important element in economic competition between companies: the production secrets, the competitive advantages that a company will try to obtain through the implementation of a process of change cannot always be made public. This therefore means that the social dialogue at branch level may only apply to the areas which generally depend on it. In this case too, it is necessary to take into account the particularities of each sector; the example of the AFIM (cf. Chapter 3 above) shows that the adaptation to change can and must, in certain cases, be directed at branch level.

The social partners must also have the necessary tools in order to play a positive part the social dialogue. In this area, the importance of the ADAPT programme must be stressed as it enables

innovative projects directly involving the social partners to be implemented. The example of the ARETE, which is an advisory body which works mainly to serve the social partners illustrates this well.

Verbatim

"I think that it is essential to ensure the success of these changes and to efficiently use the help available from the European Union that there is an involvement of the social partners at all levels, European, national, regional and local. And I think that the Commission and all the national authorities, all the public departments which are in charge of the implementation of Objective 4 must encourage, both in the definition of policies and in the implementation of the projects, a real involvement of al the social partners".

Sonja KOHNEMERGEN (Federation of Belgian Companies, representing UNICE)

IN MODERNISATION

This project aims to research and recommend:

- analysis tools and methods to improve the anticipation and accompaniment of the technical and organisational changes in companies
- means and methods to strengthen the capacities for analysis and propositions of employees and their representatives during a modernisation process and the introduction of new forms of organisation. This involves analysing the main obstacles to the development of current participative approaches and to recommend various methodological tools and means to reinforce them.

This project is aimed mainly at the social partners but also at the independent consultancy firms which specifically work with and for the social partners on modernisation projects.

Regardless of the activity sector, the modernisation and rationalisation of companies currently raise a series of challenges:

- how to avoid creating too many victims of modernisation?
- how to improve the protection of employees' jobs in a period of great change?
- how to avoid new technical and organisational choices leading to a deterioration in employees' working conditions?
- how to change the management of human resources in order to anticipate the change in job types to adapt to companies' new requirements?
- how to enable employees and their representatives to increase their influence over the organisational and technical choices and to be more of an advisory force?

This project should help to reinforce a network of European skills to assist the social partners in improving their control over the conditions of change.

This project will mainly be carried out by a Swedish team, Arbetstaga Konsult A.B., and a French team, ARETE, who both have a solid experience in acting for the social partners and employee representative organisations. Other similar teams from the United Kingdom, the Netherlands and Denmark will also play an active part. So one of the characteristic features of this project is that it will be carried out by teams which are both "players" and observers of social consultation in companies' modernisation projects.

This project is based on classic recommendation, confrontation and observation methods. It will be supported by a transnational Steering Committee and an interactive approach with the companies directly involved in the project. In France, several companies from the financial sector are partners of the project. Each national team will have the task:

- of analysing, with a pre-established grid validated by the Steering Committee, how strategic options and new technical and organisational choices influence employment both from a quantitative and qualitative point of view. Six studies of concrete cases will be carried out.
- of analysing and confronting various tools, methodologies and management practices together with human resources management used at the time of the modernisation and streamlining of companies.
- of formalising and conceptualising the collected data
- of recommending lines of strength and methodological principles in order to improve the understanding of the management of change in European companies.

This project contains three innovative dimensions:

- capitalisation and dissemination of new experiences: both in France and abroad, often little is known about interesting experiences of the social measures that accompany modernisation. The specific aim of this project is to help to remedy this deficiency.
- development of analysis and methodological tools in order to be able to improve the anticipation and assistance of the technical and organisational changes in companies and the strengthening of capacities of analysis and the recommendations of employees and their representatives.

- creation of a network of small independent firms on a European level which will specialise in working with the social partners in companies on modernisation projects. Interesting experiences might be exchanged through this network. At a time when group committees are forming in European companies we believe this to be even more important.

The analysis and the main conclusions of this project will be disseminated via three channels: the methodological seminar, a European event and the network of independent consultancy firms.

b) The linking of the private initiative and the action of the public authorities

This collaboration between the private and public sectors is consistent with the constitutive elements of Objective 4: it is there as a public instrument which aims to cofinance actions proposed by companies; but it is also there, as we have seen earlier, as a tool to assist companies. In fact, all the players agree that the public-private “dialogue” is an important element in the success of this policy insofar as the public intervention may bring a real added value, beyond that of funding.

The first form of this added value is illustrated notably by the project presented by the DDTEFP of the Val-de-Marne department. It shows that the first element of public-private partnership resides in the ability to go beyond individual interests to place them at the service of a general interest. This allows to reconcile, even to co-ordinate different practices of seeking productivity, efficiency, competitiveness, on the one hand and on the other hand, the fight for employment and against exclusion. This also allows what we may call “mutual learning” between the various categories of social partners consisting of a pooling of resources which widens each party’s capacities of intervention.

The public authorities can play very complementary roles to achieve this added value. The first role is, of course, financial support (community assistance, financial support from the States and territorial authorities) which is an important because it allows a lot of projects to be achieved or at least to be concluded in good conditions and to reach their objectives.

The second role of the public authorities is probably a directing role. By according financial support, the public authorities are able to direct the projects either towards a particular population type, or towards a particular type of problematic, so that these projects may assist in reaching the major objectives which are retained by the public authorities in the framework of their chosen strategy.

The third role is the incentive capacity. The public authorities can incite the companies or the professional branches to act according to a particular type of method, in relation to a particular type of technique. This is particularly the case with regard to anticipation, by making sure that the companies act sufficiently early, in order to avoid being confronted by already serious emergency situations or crises.

Perhaps the most important role of the public authorities, is a role of assembler. It is their ability to make all the players concerned and mobilised by these projects work together. In a certain way, this role summarises all the others. By supporting the projects, the public authorities can operate regroupings, help the players to find the right partners, facilitate collaborations, strengthen interventions, etc. The role of assembler is not necessarily a very spectacular role but it is often essential for the conclusion of the projects.

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The Seine-Amont Project is situated in the Paris suburbs (Val de Marne department) in an employment area with problems made up of 12 *communes*. This sector has a growing deindustrialisation, (loss of 20,000 jobs in 15 years), a rapid depopulation and a significant number of isolated SMEs, of a critical size.

This project was the result of a group of initiatives uniting a set of organisations taking action to fight against exclusion and to facilitate insertion. These were public players (the Seine-Amont mission entrusted with boosting the sector, the D.D.T.E.F.P¹³ . and the ANACT¹⁴) and private players (an association of companies, the ARESA, introducing the project, the Rhône Poulenc company, committed to local development, who provided the project leader and the Employers' Union of the Val de Marne.

All the players observe that it is mainly the SME / S.M.I. who create jobs; they therefore decided to carry out a double action: to encourage the insertion of public groups in difficulty and to help the SME by promoting the transfer of technology and skills.

On the one hand, there is the state which wants to avoid exclusion, maintain and develop employment and on the other hand, the companies, mainly the SME who want to survive and develop. For this they must become more competitive, more competent and take action on two variables: the organisation of work and the adaptation of skills.

The project concerned about fifty SME (mobilising 900 employees) who will be united in 6 clubs.

The project takes place over a period of 20 months. In the first phase (6 months), within each club, the participants make methodological contributions on strategic development topics, using a collective dynamic network helping the managers to define a guiding plan for human resources and forecast management of skills, while giving priority to low qualified jobs which are insecure and under threat so that they can be incorporated into a training plan. The second phase (12 months) consists of carrying out training actions and the third phase (2 months) will consist of producing an analysis and

¹³ Direction départementale du travail, de l'emploi et de la formation professionnelle (Employment and vocational training authority at departmental level)

¹⁴ Association nationale pour l'amélioration des conditions de travail (National Agency for the improvement of working conditions)

reports on actions, in order to finalise and validate the tools and to ensure their reproduction and transfer.

The project was monitored by a Management Committee (uniting the public and private partners promoting the project) and a steering committee which unites the financiers and the university.

Finally there is the question of the impact of the public authorities' action. This question refers to several topics of discussion which concern all the structural funds and the community cofinancing. However, it is posed in a particular way regarding Objective 4 insofar as it represents a relatively new construction in the instruments of the European Union. We may tackle this question in three different ways.

How can we demultiply the existing practices at national level and especially at community level in a mutually enriching way? This is the question of what we call "good practices". The ADAPT programme must be a means, through its transnational dimension, of promoting exchanges between the various regions of Europe. But more generally, we may think that the public authorities have a role to play in capitalising and valorising successful experiences.

This introduces the second dimension of the impact which regards its measurement: this is the question of assessment. How do we assess the results of the actions carried out in the framework of Objective 4? The Commission has developed a certain number of concepts which are published in a guide. Among these, the concept of co-ordination is particularly important: the public authorities have a particularly important role with regard to the co-ordination of the actions cofinanced under Objective 4. In other words, the action of the public authorities cannot be limited to the allocation of subsidies, even if these are granted after a real technical assistance. They have the responsibility of following the various aspects of the progress of these actions in order to permanently have the capacity to redirect them, less at an individual level than at the level of objectives and measures.

Consequently, a last question is raised regarding the responsibility of the public authorities in matters of assistance: the follow-up involves assisting the actions. What forms should it take, up to what limit must it be implemented and in what conditions? The reply to these few questions should certainly not be generalised. National traditions must be included in the discussion and each national and regional authority will find its own pace, the best adapted to its own operating habits and conditions.

Closing Speeches

Peter Zangl
Director, DGV, European Commission

Before returning to the issues which we consider to be the most important, let me to look back at a point which is less technical than it seems: the timing of this seminar. I cannot but express my satisfaction at the time has been held, namely today, now that we really feel that the initial teething troubles are behind us because both Objective 4 and its transnational equivalent ADAPT have reached the implementation stage: it is in the light of these initial practical experiences that you have been able to contribute actively to this seminar.

In addition, the results of this seminar and the ideas you have contributed and shared will stand us in better stead to prepare a report for the Council and the Parliament on the implementation of Objective 4 and ADAPT, which should be published before the summer. Be prepared to react to the inevitable criticisms relating to the problems of implementation.

However, we should not be surprised at such difficulties. Indeed, as has been clearly apparent during the discussions over the past two days, in particular during the round-table discussion, we are fully aware that we are implementing something radically new ; this obviously implies a rough time ahead, which may be worrying for those who are in the boat, but this rough ride is essential if we are to define accurately the course we wish to pursue.

Here are some impressions of the results of the seminar. I believe that we have discussed them all at length.

First point: anticipation. I have had the impression that there is, to a large extent, agreement on the concept of anticipation, the interest it generates and the need to come to terms with it. This does not mean, however, that we have not identified the attendant difficulties. I would stress the need to apply the concept of anticipation consistently in all fields of economic activity, and to carry out successfully the difficult task of coordinating not only macro - and microeconomic aspects on the one hand, but also the wide variety of SMEs and the rest of the economy on the other. This discussion of anticipation was important, and I am of the opinion that we have made a significant contribution to its understanding and use by the economic players. I am convinced that we have made progress on this issue.

Second point: access to training. This is one of the elements involved in implementing Objective 4. I will mention just one word which was used when summarising the role of the public authorities - « ensemblier » (\approx coordinator). I was not aware that it was a genuine French word but I readily accepted it because I felt that it corresponded aptly to the specific needs and role of the public sector in this area.

With regard to new technologies, the functioning of our economies and the adaptation of human resources, I believe that here too we have identified the fact that efforts must be concentrated at regional level during the next few years.

The social partners: We have discussed this point at length and I have only one more thing to say: the need to understand the concept of partners in a broader sense. I believe that they must be social partners in the traditional sense, but that they must also be economic partners. The regulations refer also to training representatives, who are obviously the principal talking partners and players in the whole process of adaptation to industrial change.

As far as **SMEs** are concerned, I have noted down three concepts concerning not only the specific difficulties which we identified, but also the wholly constructive benefits which we can expect: diversity, coherence and regional specificity. I believe that if we bear these in mind, we will have identified the key aspects of the problems of SMEs under Objective 4.

Lastly, the public sector: I have already referred to its role of « ensemblier ». The functions of the public authorities are not only to provide funding, which we are perhaps somewhat hasty to consider; but this is only part of the public authorities' contribution. It has been clearly demonstrated that they play a vital role in the fields of back-up, guidance and evaluation.

Perhaps a special word about the question of **evaluation**. Dominique Balmay has just said that it is a question of soundness. I think that this is an appropriate word and that to consider evaluation as being essential to soundness is a healthy reflex. It is a requirement in its own right ; it is inconceivable to implement policies with public money - no more so than with private money - without really asking what one wants to obtain and how one wants to obtain it. And I am of the opinion that, though in the case of Objective 4 and probably to an even greater extent in the case of ADAPT we are somewhat irresolute in our ability to evaluate them correctly, it is probably because we are also irresolute in defining what we wish to obtain. Anyone who proposes a project probably has an idea of what he wants to do, but quite often we have to urge him to express his objectives in a more structured manner rather than as a spontaneous idea, and also to appreciate the risks he is running. Of course, it is easier said than done...

Following this excessively brief synopsis of the results of this seminar, I would like to comment on our short and medium-term concerns in implementing Objective 4. I will return to the question of anticipation simply to stress that in the case of the programmes submitted to us and accepted, we felt dissatisfied with the degree of anticipation involved in implementing Objective 4. I hope that the intense discussions on this subject will convince operators of the need to rectify this and to adjust their sights between now and the end of implementation of the present generation of Structural Funds. It is not enough to concentrate on the aspects of training -reskilling- system, it is also necessary to develop further the aspect of **anticipation**.

My second comment concerns a much more general problem, but it is of particular significance to Objective 4 and the ADAPT initiative: namely, the role and functioning of the **monitoring committees**. This has been a constantly recurring problem ever since the programmes and Community support frameworks came into being, of though some development has occurred. I say development because we all consider it essential (and I hope that you will agree) to rid ourselves of the « notary's role » to which we have confined the monitoring committees and give them a more constructive, more political role in monitoring the implementation of the policies we are making. This is of particular importance in relation to Objective 4. The aims and content of this Objective mean that monitoring committees must be the main bodies within which the fundamental questions of the implementation and definition of underlying policies have to be addressed.

If I now look a little further into the future, to the year 2000, as far as the preparation of the next generation of Objective 4 and, more generally, the Social Fund is concerned, I believe that a further quickening of the pace cannot be avoided, as has been said here more or less explicitly, to the extent that in some areas we must certainly reassess our priorities. There is no point in placing too much emphasis on the **information society** - it has already become almost commonplace. The development of the factors making up the information society is much stronger, much more rapid than we thought it would be four or five years ago when, on the initiative of the French authorities, we began to consider this concept. It is therefore necessary to take this accelerated development into account when implementing actions to be defined between now and the end of the present generation of Objective 4. I would add that the Commission has proposed consolidation the ADAPT initiative in this respect by giving it a second strand devoted to such issues.

Against this background of accelerating changes, three points in particular deserve our attention. Firstly, we must concentrate our efforts, even more so than in the first-generation programming documents. You are aware that, since 1993, we have placed strong emphasis on concentrated effort. This effort must be intensified as far as Objective 4 is concerned, particularly with regard to training and the configuration of training systems.

Secondly, the role, participation and mobilisation of **public undertakings**, a large number of whose activities are commercial and competitive ; they should for this reason be incorporated into the actions supported under Objective 4.

Lastly, it is necessary to reinforce Objective 4 assistance at **regional** level, especially in **Objective 1** and **Objective 2** regions. This will make it possible to concentrate more on making the practice of anticipation more widespread. This is necessary because, as you know, the financial resources available for Objective 4 and ADAPT, which account for approximately 20 % of the total amount allotted to the ESF, are relatively modest.

Edmond ROBIN

**Head of the Department for the development of
industrial employment**

**French Ministry for Industry, Post and
Telecommunications**

The Ministry of Industry is closely associated with the management of Objective 4 as it participates in the preparation of industrial projects. I therefore wish to try and outline the perception my Ministry has of this Objective.

Firstly, what are the economic and social stakes of the changes?

Change indicates transfer from one stage to another. The one we start with is a production system built up since the end of the last century, which was improved in the period between the wars and which has brought us prosperity for a number of years. It has become almost a universal model, industrial from the start, and has had a profound effect on labour relations. In English, when we say industrial relations we mean labour relations. All labour law results from this system: it is enough to consider the place represented by the branches of the metal industry in the various European countries to understand the importance of their contributions in terms of collective bargaining agreements and the organisation of work.

We are therefore moving towards a new system, for several reasons. Firstly, because of new technologies; this is an obvious point. Then, on account of what we call the globalisation of all trade, products, services, capital and, increasingly, the labour factor. And finally, there is a different consumer attitude. His consumer's expectations have developed. He has more choices, he is blasé but he also has new needs which are no longer only material. All these components interact.

Furthermore, things have opened up today; we are no longer able and we will never be so again to enter into competition with with low countries-wage. The cost of labour is tending to account for an increasingly smaller proportion of added value. We therefore need to make use of what

the economists call the comparative advantage, by playing on the requirements of very demanding consumers. This means tackling the market in a competitive way, innovating, with high productivity and a high quality. We must proact.

In my views the main characteristic of the divide we are experiencing is a considerable acceleration, the reduction of timescales, all timescales: design, production and marketing timescales. To this acceleration is a corresponding rise in power of all the possible follow-up procedures. The Americans use the concept of introduction to describe this: it is a production destined to satisfy the consumer fully; we only produce what will be sold. We no longer mass produce, we no longer build up stocks which are expensive to sell off at reduced prices.

All this leads to an increasing complication which finishes by completely transforming the industry to the extent that a lot of economists announce the disappearance of the industry and the appearance of a service company. Effectively, production tends to become a minor feature in the production of added value. Research and development, design, the activities parallel to production, such as quality control and maintenance or the operations downstream from production such as logistics, marketing, storage, after-sales service, participate more in the production of added value. Now we must go as far as monitoring the product once it has been used: this is the whole problem of controlling the environment. For certain products we are witnessing almost the disappearance of the act of production.

For example, the production of a bottle of perfume represents hardly 5% of its sales price. The main part of the price is made up of its conception, creativity, design, advertising and promotion of the bottle. However, if we stop producing the perfume, we also see the disappearance of all the other activities accompanying its production.

I do not think that it is really possible to make without producing. But around industry there are a number of associated services, services to industry or quite significant industrial services. This is what we call the expansion of the tertiary sector. This dematerialisation lead to the break-up of the large units. We see the creation of networks. This partially explains the phenomenon according to which only the SME create jobs. The origin of many SME is the externalisation of industrial activities.

All this leads to an evident reduction in the number of non-skilled people who can be employed in industry. Trades and organisations are being transformed. And we have no choice. This phenomenon is unavoidable: if we seek to resist it, this has been said several times, it will be the end.. Opposition to change gets you nowhere. We cannot withdraw into ourselves.

On the other hand, if this transformation is too abrupt, we encounter serious difficulties which call into question the social cohesion of our companies. At a recent OECD conference, a new concept was described: social speed limit to change. This goes back to the social acceptance of change. If we go too quickly, if we want to upset the various players, they stumble. We cannot allow this, especially in an increasingly fragile society. The complication of the industrial process is also translated by a very great weakening which needs to be accompanied, anticipated and to have a global, integrated approach. We cannot partition the treatment of industrial problems and social problems. It is the same thing.

We are just reinventing a very familiar concept of engineers, the tripod of the productive approach. (Excuse my slightly technocratic vocabulary). The first foot is material investment and it is true that our Ministry, for 20 years has greatly equipped and greatly helped the installation of facilities. But this is not enough, the second foot is intangible, the technology which itself must be completed by the third foot, the management of human resources, the organisation. The impossibility of imposing the change against the players, against the employees led, in the 1980s, to errors in trying to depend on the technological whole because robots don't go on strike. But although they don't do on strike, they break down. The technological whole is therefore not the solution to the challenges which await us.

So what is our appreciation of Objective 4?

Traditionally, the Ministry of Industry is not very present in the procedures of the European Social Fund as it was considered that what is social does not depend on the Ministry of Industry. However, since the beginning, we have shown a real motivation for the new Objective 4 and we have supported it jointly with our colleagues in the Ministry of Employment because it is situated in a problematic of competition. It is a social programme, it is about facilitating the adaptation of the employees but we do it in the context of seeking a better company competitiveness. It is a strategic, integrated approach; a global process. The aim is not to deal with just any modernisation, any adaptation to technical progress, we want to have a consistent approach.

In the French plan, we selected a definition of completely directed industrial change as it is aimed at the sectors which, from our point of view, are the most vulnerable and the most exposed to change. Objective 4 is also looking towards the future. It is not a question of dealing with activities that are potentially dead. We do not want to repeat what happened in the steel industry or the coal mines, to close units. We want to enable companies to control the change. We consider that leading the change is the major challenge facing us. This raises the question of efficiency, collective discussions, educational performances and flexibility. Training is quite a crucial element but it is not the only one; the re-organisation of work and labour relations must also be taken into account.

Under what conditions, can this instrument be effective?

With regard to France, I would say that we are only at the beginning of a process which will last until 1999. Even if legally, Objective 4 began in 1994, we only received the go ahead at the beginning of 1995: by the time that we set up the system on a national level, we could not begin before the end of the first six months - the first project tenders were launched in June 1995 and with the school holidays, there was just one really operational quarter in 1995. Even so, this allows us to draw some lessons because we have had a lot of discussions on a local and national level.

To control the system, firstly we must develop our own procedures, our own system. Objective 4, through its dimensions, through the field it covers, is extremely powerful. But it so happens we have a history, we have procedures which have been built up over the years and their criteria of eligibility are not necessarily consistent with Objective 4. One of the points which has given us the greatest difficulty comes from the fact that our classic procedures have, as criteria of eligibility, mainly the quantitative increase in the training effort and with the Ministry of Employment we do not yet control this difficulty because it also concerns the Ministry of the Budget. In our context, I think that it is not a question of doing more, but of doing better. The question is not to spend a lot more money. It is to make sure that there is suitable training for the requirements of the changes. We must also move from an administrative logic to a customer logic.

Second point which appears to me to be very important: we need to come to the end of the stacking up and entanglement of procedures. There an appeal launched by the Commission. To be able to spend an Ecu, you need a compensatory Ecu from the private sector and a compensatory Ecu from the public sector, the mobilisation of the public compensatory Ecu obliges us to marry the various interventions of different levels, several authorities, several organisations; this leads to a puzzle that even top civil servants have difficulty in controlling. Not to mention, of course, the SMEs who have very little chance of understanding it. Obsessive searching for compensation must not lead to the death of innovation.

What is happening, in fact? The projects which have most chance of being given compensatory subsidies are the old projects, those which have already been elected according to the classical procedures. This is an aspect, a possible distortion to which we are paying great attention. I think that we must start with the intrinsic quality of the projects, begin by selecting them for their quality, strategy and then see the procedures that we can contribute. This site is open and we are going to be obliged, even within the Ministry of Industry, to revise our own procedures, which

are directed towards technology, towards innovation and which must be open to the questions of human resources and flexibility.

The third point is that we must very actively mobilise the local networks. We must transmit the know-how to the various local relays. We are currently organising with the Employment Ministry and with the support of the professional association for adult training, a series of seminars which will enable the relays to reconstruct the main elements of Objective 4. This must lead to the production of a presentation kit which will be defined on a regional level for the companies. All this organisation must interest a lot of people: the organisations in the circle of influence of the Ministry of Employment and those with which we are the most used to working at the Ministry of Industry. The local authorities are also involved and all the regional relays.

I think that in this seminar, we have seen that there is practically a consensus on the essential points of the concepts. The project is interesting and ambitious, but it is in the field that we will succeed in applying it and in order for it to be successful, I think that the public organisations - to which I belong - must apply the change to themselves. This concerns all the public organisations, but also the professional or consular organisations which manage the public procedures or funds. The change also concerns those who are trying to lead the change without being in the company.

European Commission

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