

ETF Guidelines in case of transnational company restructurings

Introduction

Company restructuring has significantly evolved since the 90's. Firstly, it is no longer an exceptional reaction to significant financial troubles or market crises. Restructuring has today become a routine business practice across all sectors and countries, used by companies to adapt to evolving market conditions, technological advances and growing competition. Secondly, restructurings have also become more complex and multifaceted. They can involve multiple countries and take various forms (from relocation, mergers and acquisition, outsourcing, offshoring, spin-offs to joint ventures¹), which have different legal requirements and implications². Thirdly, the pace of changes in today's business environment has accelerated. There is often less time for in-depth analysis, planning, making the process more chaotic and difficult to follow.

Workers' representatives and trade unions have the fundamental right to information and consultation when restructurings involve collective redundancies, business transfers or significant changes to employment conditions. Their role is to act as key intermediaries to protect workers' rights, negotiate better outcomes and provide support during challenging transitions. Their involvement helps ensuring that the process is more balanced and fairer for employees. Yet, with restructurings becoming more frequent, complex and rapid, it has become even more difficult for them to anticipate and counteract some companies' strategies designed to pit workers, sites and countries against one another, leading sometimes to social dumping.

As European Trade Union Federation, ETF is firmly convinced that transnational problems such as restructurings require transnational solutions and that only strong cross-border coordination can balance the frequent asymmetry of power between management and workers' representatives. These guidelines are therefore aimed at providing clarity regarding the process, the tools available and the involvement of ETF.

¹ Merger means that two companies join to form one entity. Acquisition/take over happens when a company is being integrated within another existing legal entity. Outsourcing is when an activity is externalised to another company. In a relocation the activity stays within the company, but is moved to another place. By offshoring the activity also stays within the company, but is moved outside the EU borders. Spin-off means that an activity is moved into a new autonomous company. Joint ventures are new business entities created and controlled by two or more companies.

² For recommended trade union approach to confronting 10 different types of transnational restructuring, consult the Transnational Restructuring Navigator which has been developed by wmp consult and Syndex Europe in close collaboration with the European Trade Union Federations, including ETF, as well as the ETUC and the ETUI, <https://restructuring-navigator.eu/>.

How to anticipate and react to restructurings?

Workers' representatives and trade unions should not wait for restructurings to happen. On the contrary, unions must anticipate restructurings as much as possible in order to be involved in the process at the earliest possible stage. Only by anticipating change can workers' representatives and trade unions influence company decisions, as opposed to merely minimizing the social impacts of restructuring. To this end two important tools exist:

1. **European Works Councils (EWCs)³ and works councils in companies under the European Company Statute (Societas Europaea – SE WC)** are the first, and so far, only European-level bodies to represent in a formal way the interests of workers at the company level, allowing for information and consultation with the top-level decision-makers. They also provide an excellent opportunity for workers and trade union representatives from all over Europe to meet regularly, exchange information amongst themselves (including outside the annual meetings and on topics not covered by the EWC agreement) and report back to the national workers' representatives. Thus, they can also act as an early warning system. It is therefore very important to understand their functioning and use their full potential⁴.

Indeed, evidence of the practice has proved that building European trade union strategies around EWCs can be successful, especially when workers' representatives can advance concrete counter-proposals based on social dialogue at transnational company level, or on the extension of the outcomes reached by social dialogue at national level. Hence dialogue can be possible with management and open concrete constructive anticipatory measures⁵.

However, EWCs also have their limits, for example when:

- management obstructs the work of the EWC/SE WC by violating their right to information and consultation in a timely manner;
- the trade union presence is weak and/or there is no will to (re)act;
- they don't include all the countries covered by the restructuring;
- negotiation or industrial action is needed.

2. **Cross-border company networks of trade unions' representatives** can be additionally created whenever necessary to ensure that all trade unions (including those not represented at the EWC/SE WC or when there is no EWC/SE WC) are informed of what is happening in the company. Company networks help with sharing information available at all levels, hence allowing for a better grasp of the situation and understanding the strategy of management. Furthermore, they can help with designing a joint trade union strategy to be ready to react quickly to the next steps and ensure that the restructuring is managed in a socially responsible manner.

³ For more information on EWCs, see ETF Policy Guidelines on the coordination of European Works Councils, updated in 2024.

⁴ For more guidance see ETUI, Manual for European Workers' Representatives "How to prepare for company change".

⁵ European Trade Union Confederation (ETUC), Multinational company restructuring: tackling the impact of the crisis through stronger transnational trade union coordination, 2011.



The EWC/SE WC and company networks are complementary and should work together in mutual support. The connection between the two relies on close links with national trade unions and the ETF. The EWC coordinator has also a significant role to play⁶.

Creating a new EWC can take up to three years before it can be operational. Therefore, if there is no EWC in place at the time of a probable restructuring, setting up a company network is the best option for allowing a rapid reaction.

ETF Coordination

Restructuring is one of the most complex areas for a good coordination for the ETF, mainly because:

- It relies on the prompt and clear communication between various parties (ETF affiliates, EWCs, EWC coordinator, ETF Secretariat);
- The national and European workers' representation structures may have different information and consultation rights and procedures, which can lead to potential clashes in deadlines;
- EWCs members might be reluctant to share information which have been classified as confidential by management;
- In many situations, national and European structures do not know of each other competences, rights and processes, and thus cannot make use in the best way of their cumulated set of rights.

ETF effective capacity to coordinate will therefore strongly depend on **transparent and timely communication** from all, as well as a thorough assessment of the situation.

A company network can be created under different settings:

1. When?

Timing is key, so information must be shared as soon as possible.

- **Before the announcement**

The company network can be created as soon as the EWC/SE WC or a trade union alerts about a critical situation which requires trade union and industrial action (e.g. a plan for job cuts, a risk of insolvency of the company, rumours of a restructuring plan).

- ➔ In any case the information must first be verified and confirmed.
- ➔ A global trade union network might have already been established under the umbrella of the ITF. It must therefore first be checked whether this network already exists and, if this is the case, coordinate with ITF.
- ➔ A meeting can be organised as soon as there is enough relevant information to evaluate the situation.

⁶ For more information on the role of the EWC coordinator, see the ETF Policy Guidelines on the coordination of European Works Councils.

- **At the latest after the announcement by management**

When a multinational announces restructuring measures that affect more than one country, the ETF will convoke a coordination meeting as soon as it has the information about the restructuring.

2. By whom?

- At the initiative of ETF Secretariat (e.g. in case of a merger)
- At the request of (an) affiliated trade union organisation(s).

3. How?

The meeting will bring together:

- **Trade union representatives** from the key European countries: headquarter and where the company is present;
- **The national trade union officers in charge of company policy/EWCs** who will be able to collect and pass on the information to the company's workers representatives in their country (central shop steward, group/central works council chair...), as well as to the officer(s) in charge of the sector in their trade union organisation.
The national trade union may decide on a case-by-case basis to be represented in the network by a different officer than the one in charge of company policy/EWCs
➔ In any case, the person attending the meeting needs to have a clear mandate and be able to take decisions on behalf of its organisation!
- **EWC representatives** (if there is an EWC): a priori only trade union members (or if it makes sense for the discussions all EWC delegates irrespective of their trade union membership - as long as they are not members of the management team in their home country);
- **EWC coordinator** (if any);
- **EWC experts** (if any);
- **Board level employee representatives** (if any);
- **ETF Secretariat** (Policy officer for EWCs and Company Policy, Policy officer of the sector concerned, if relevant and possible ETF General Secretary).

All the participants to the meeting should have a clear mandate from their organisation in order to be able to express themselves and take necessary decisions.

The objective of the **coordination meeting** will be:

- Getting a common understanding of the process, the nature of restructuring and the possible consequences;
- Ensuring that all trade unions with members in the company, including those not present in the EWC/SE WC have the same level of information, hence ensuring for an adequate follow-up at national level;
- Ensuring that there is a political will to work together;
- Ensuring a rapid and coordinated trade union response (in agreeing on a strategy/action plan);
- If necessary, supporting the EWC/SE WC.

Given the usual urgency of the situation and the need to react rapidly, meetings will in general be online. Depending on the available budget, ETF will provide interpretation during the meeting.

**Possible actions in the strategy include:**

- Solidarity actions with workers
- Campaigns (press, social media)
- Joint declarations
- Letters to management
- Meetings with management
- Negotiation of a European Framework Agreement
- Advocacy work at the European level (e.g. meetings with the European Commission, with Members of the European Parliament)
- ...

Following the coordination meeting the ETF will circulate a summary of the information shared and actions to be taken to all its affiliates. If considered useful, the ETF might create a communication channel to allow for a swift exchange of information (e.g. through a WhatsApp group).

The ETF affiliated trade unions as well as the EWC when there is one (i.e. EWC coordinator, ETF expert, unionised EWC members, Select Committee) will have to promptly inform the ETF about all developments regarding the restructuring project, the progress with information and consultation process, as well as with their respective position regarding the proposed measures.

If necessary, ETF might convene follow-up meetings.