



“Textile Innovative Restructuring”

T.I.R.

project n° VS/2007/0517

DG Employment, Social Affairs and Equal Opportunities



Benchmarking: Preventing and managing the crisis

WP 2.1 Workshop in Sofia



Summary

- Purpose of the document
- Introduction to the project
- The socio economic context
- The best practices
- Benchmarking
- A systemic approach: the S.E.C.T.O.R. Model



Purpose of the document

The aim of the benchmarking is

- to analyse and study the socio-economic context and the practices of the involved partners;
- compare the different situations;

in order to find the **best common elements** leading to best practices which **need to be shared** for the validation of a model for preventing and restructuring.

- The building of a benchmarking report means examining expertises, projects, best practices realised by partners up to now.
- It does not need to be all experiences in the textile sector, but relevant experiences in any productive sector can be helpful for the identification of the best practices.



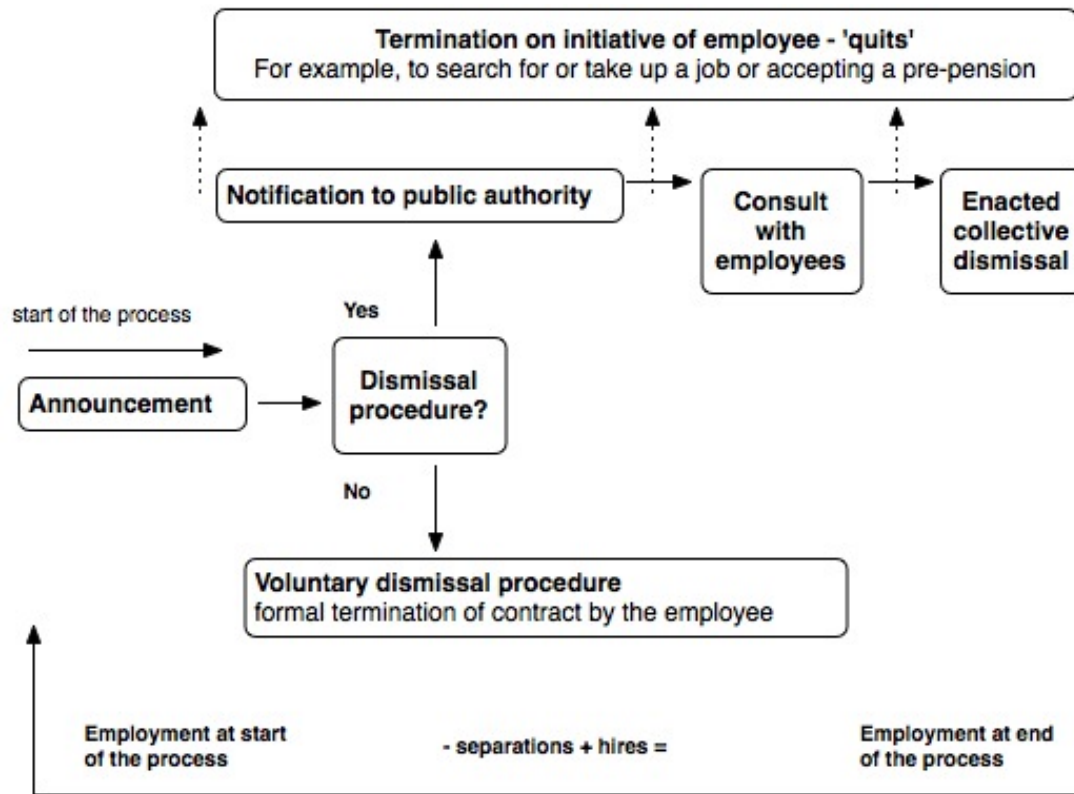
Introduction

- When we try to understand the consequences of restructuring on the labour market, we have to keep in mind that two are the main purposes in the field of research or policy-makers.
- The first is the **nature and extent of restructuring**, i.e. how many jobs are going to be lost and created in different sectors and regions and why that happened.
- The second are the **consequences of restructuring**, for example, determining whether or not the redundant workers moved on to a new job, and what impact the job loss had on subsequent earnings. In the latter case, much of the focus of recent EU policy has been placed on the labour market outcome for the affected employees.



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The restructuring process





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Globalisation, a change in the paradigm

- Public authorities usually plan interventions to help workers facing the dismissal, but
- more often nowadays, plan and projects are made for the anticipation of the stage of crisis. This means not only helping the workforce with appropriate actions, for example devoting resources to training, but also helping firms to maintain competitiveness in their market being able therefore to face globalisation.
- All these is necessary because there is a change in the globalisation paradigm as prospected by the European Restructuring Monitor. They highlight the fact that the nature of trade has shifted significantly.



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What is happening is...

- Originally, trade was largely between countries with quite different productive capacities, often based on their different natural resources, but by the 1960s, it was increasingly between developed nations, exchanging quite similar types of products.
- Around the 1980s, the key trend was the emergence of various (Asian) Tiger economies, which delivered intermediate products with increasingly high-skill content to the developed world at low cost. Foreign direct investment played a key role in the development of these economies which became an integral part of international production networks.
- Subsequent developments in (ICT) have permitted a more efficient coordination of global supply chains and enabled trade in services that can be codified and transmitted digitally. This has radically opened up the potential for an even finer degree of specialisation in the supply chain and thus international trade, not in final products, but in functions or tasks within firms.



Off-shoring

- Offshoring – the shift of identifiable jobs in Europe to other locations – is one indicator of a new globalisation phase.
- Manufacturing jobs from the EU15 are mainly offshored to the NMS10, while service jobs are predominantly moved to Asia.
- However, it is underlined that offshoring is probably an inappropriately narrow empirical focus, as the location of new investment (and jobs) is not captured by the concept of offshoring. Moreover, the main negative impact of globalisation is almost certainly not that jobs are offshored, but that they are simply destroyed.



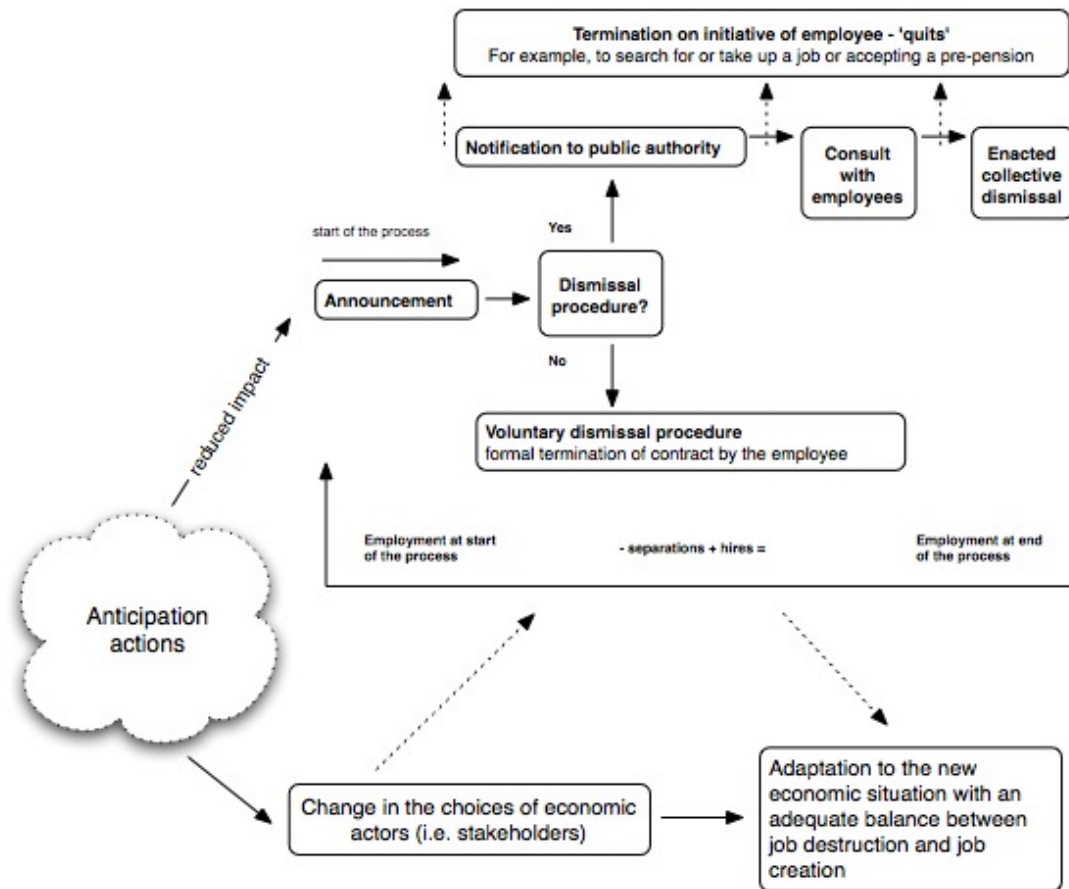
Anticipation 1

- Anticipation is not only a way to avoid the crisis, but actually should become a behaviour all the subjects involved, the so-called **stakeholder**, should adopt.
- Introducing the element of “anticipation” means try to uncover the grey area, specifying a sequence of actions (the application of the SECTOR model) that induce to adapt to the changed environment without the need to start a dismissal procedure.



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Anticipation 2





The socio-economic context: a general idea

- The probability of an impending recession in the United States continues to increase. On balance, most observers rate the chance of a recession to be slightly more than 50%, while others – such as Goldman Sachs' chief U.S. economist, Jan Hatzius – are more categorical, stating on 8 January 2008 that 'recession has now arrived, or will very shortly'. Many indicators, including consumer and business confidence, unemployment and investment, are pointing sharply downwards.
- On average, unemployment continued to fall in the EU27 (by 0.1 percentage points) in the third quarter of 2007 compared to the previous quarter. The two most recent Member States to join the Union show very divergent developments, with Bulgaria exhibiting the largest decrease and Romania the largest increase. The decline of unemployment in Germany continues to be very impressive. The national figures, issued by the Federal Labour Agency, show that unemployment fell by 78,000 to 3.4 million. Recent Eurostat data shows a rate of unemployment of just under 8%, which is the lowest rate since 2001.



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Benchmarking: what are we going to observe

- Subject owner of the action; it is the institution or more generally the subject that has planned and realised the intervention;
- Type of intervention; short description of the intervention
- Other subjects involved in the intervention;
- Impact of the intervention; results attained in terms of new entrepreneurial activities, impact on employment, new cooperation among institutions, territorial extension of the intervention.



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Benchmarking: comparison table 1

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Benchmarking: comparison table 2

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Benchmarking: comparison table 3

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Benchmarking: comparison table 4

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Benchmarking: comparison table 5

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Benchmarking: comparison table 6

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Towards which model?

	Systemic	Spot
Prov. of Bergamo	1 systemic to help workers and firms (management of the crisis) 1 systemic concerning actions undertaken by the Region	4 spot to help firm during the crisis
Fundecyt	2 systemic to develop the cluster (knowledge of the cluster and study of action to help develop it)	
ESCI de Iaın	4 systemic to better understand the sector in terms of competencies required, development, excellence support and networking	
NASMB		1 spot to help a firm develop and improve its competitiveness
FUNDPEP		
ACTO	3 systemic in different areas. 1 to help the cluster between North and Galizia. 1 to help the creation of new firms. 1 to improve public institutions functioning.	
VOKA		
NWRC		
Cam. Com. Budapest	1 systemic helping workers and more generally PES through improved ICT network	
Cam. Com. Vaslui	2 systemic to help SME firms and 1 for the development of infrastructural services in technology and innovation	

- Almost all practices are systemic;
- But the approach needs to be taken even further, it is necessary to build a “knowledge creating system”; This means dynamically (through time) share experiences, needs and resources to keep the territory competitive;
- Move towards SECTOR model.