

European Works Councils and transnational restructuring. (Source: European Foundation 2006)

<http://www.eurofound.europa.eu/publications/htmlfiles/ef0683.htm>

EWC joint texts responding to restructuring exercises – Unilever

In 2002 Unilever issued a brochure on 'responsible restructuring', setting out the way that the company seeks to handle the consequences of restructuring for employees. For example, it deals with the handling of training and outplacement issues and states that, where necessary, the sale of a production site should be given priority over closing it. This document was developed after consultations with the EWC and can arguably be seen as approaching the status of an EWC joint text on general restructuring principles. Unilever management and the EWC are known to have concluded at least two formal joint texts. The first, signed in January 2004, was a joint statement on the protection of personal data, while the second is a negotiated response to a particular restructuring exercise.

During 2005 management and EWC discussed a plan to introduce 'shared services' – notably finance and HR functions – on a regional basis, with outsourcing of major parts of these services. The EWC opposed the proposals, which management defended on competitiveness grounds, and both expressed concern for the employees affected. Despite the existing 'responsible restructuring' principles, it was agreed that the transition to shared services needed a specific framework, as it differed from previous restructuring in its scope, scale and timetable. Employees in finance and HR across Europe would be directly affected, in that some might transfer to the new external 'partner'; the roles and responsibilities of those remaining within Unilever would be very different; and some would have 'no future role in Unilever or with our partner'.

In October 2005 the parties thus concluded a joint statement entitled 'Transition to shared services – A framework for responsible restructuring'. It sets out a framework for transition that 'takes full account of the needs and interests of any employee affected by the change'. The statement sets out agreed principles in the following eight areas:

Continuity of employment. Unilever will make every effort to help people who will not have an 'ongoing role in the business' to find alternative employment before their current position ends. This might involve making efforts to offer alternative positions in the business if available and the individual is suitably qualified, working with the external service provider to identify opportunities for redeployment of Unilever employees into the new service organisation or elsewhere in the service provider's business, offering outplacement or other special support to help secure another suitable position in line, and offering training to increase employment opportunities.

Job opportunities with service provider. Some processes transferred to the external provider will be handled in a regional centre, but some will continue to be handled locally. In the latter case Unilever employees will be offered the chance to reskill and transfer/move into the supplier organisation (entitlements under the EU Directive on business transfers will be respected). As in many countries the provider will be servicing customers other than Unilever and looking for qualified employees. Unilever has agreed with the provider that it will offer appropriate vacancies to Unilever employees when recruiting externally. Unilever employees will have the first right of application.

Three-year total remuneration guarantee. Unilever will agree with the new owner that any Unilever employees that transfer in the same country will maintain a similar total remuneration (this also applies to pensions). If employees are made redundant within three years of the transfer, they will be eligible for the same package as if they had stayed with Unilever. Should a Unilever employee wish to move to an eastern European country where the provider is based, Unilever will support transfer expenses/costs and language training. The transferring employee will be eligible for a similar level of remuneration to an equivalent Unilever employee in that country for three years.

Retention bonus. Local management will use its discretion to make certain positions eligible for a retention bonus.

Early or pre-retirement. Eligible employees will have the possibility of early retirement when this option is available according to national/local legislation and/or practices.

Termination of contract. The termination date for the employment of individuals will be not less than six months after the date of announcement of the preparation for transition. Employees whose contract is terminated will receive a compensation payment according to the local social compensation plan.

In-country transfer. Where the contract of a 'work level 1' employee has to be terminated and that employee had been transferred and relocated recently, management will 'respond sympathetically' to any request to defray expenses for a retransfer to the region of origin.

Hardship clause. In those cases where application of the agreed principles would lead to 'unreasonable hardship', management will use its discretion.

In each country the national HR director will ensure a process of consultation of works councils at local or national level, where these exist, and the development of a social plan for the country concerned.