Promoting job-to-job transitions in industrial restructuring

Potential lessons from Belgium (Wallonia) for Germany – a first approach

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Objectives of our project

Explore foreign practice with the promotion of job-to-job transitions in industrial restructuring (Sweden, Belgium) (Austria?)

- taking into account the existing literature
- with decision makers from politics, trade unions and other associations
- with the objective of making use of practice abroad for reforms in Germany and making concrete reform proposals

Cooperation partners:
Deficiencies of German provisions for the promotion of job-to-job transitions in industrial restructuring (§§ 110 to 111a of the Labor Promotion Act, SGB III):

- Low quantitative relevance
- Low relevance for SMEs and for job losses below the threshold of mass dismissals
- Lack of stable institutional arrangements: Conditions for transfer management have to be newly negotiated in each case. Hence, transfer management is often too late
- Diverging interests between the Federal Employment Agency, firms, works councils, trade unions, transition managing agencies
  - no “ownership“ for the promotion of job-to-job transitions in industrial restructuring
Potential lessons from Belgium (Wallonia) (1)

Interesting general conditions in labor law and social security that are favorable for transitions

- e.g.:
  - High degree of unionization, at least partly due to unions’ role in unemployment compensation
  - Incentives for workers: “capitalization” of “indemnisation de reclassement” when notification period is not exhausted; degressive unemployment benefits
  - Incentives for employers: reduction of social security contributions for hired workers
  - Still a strong role for early retirement
  - …

But: not our primary focus in this project
Potential lessons from Belgium (Wallonia) (2)

Cellules de Reconversion
- Only two main actors (employee/union representatives in firm, and LeFOREM)
- Clear roles for actors, clear responsibility for initiative, clear “ownership”
- Cellules de Reconversion obligatory for both employers and employees (de facto)
- Flexible role of LeFOREM due to lack of responsibility for unemployment compensation
- Professional role for employee/union representatives in firms (social counsellors); a strong role for social counselling
- Clear structure for dealing with job losses in SMEs and below the threshold of mass redundancies (plateformes de reconversion permanentes)
How do we proceed from here?

2017:
Evaluate foreign experience and formulate reform options for Germany