Closure

When one or more sites are being closed

Transnational Restructuring Navigator

What you should know about it:

- The worst case of restructuring from the perspective of workers certainly is the closure of a company site or business unit.
- Total or partial closure may result or become the effect of other types of restructuring such as **outsourcing**, **offshoring** and **relocation**. Closures of sites often also happen after **mergers** or **spin-offs**.
- Often, the process of closing a site will go along the search of a new buyer. Local Workers Representatives and trade Union are often on both fronts.
- A closure can happen in only one country and have consequences in others. Therefore, it may have a transnational dimension without happening in two or more different countries.

Your mission is to...

- Anticipate closure in your company by monitoring sectoral developments. Use trade union resources and information on the issue at European and national level
- Prioritise avoiding the closure and the redundancies that will follow, for instance by considering possible acquisition of the sites concerned by a different employer.

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Timeline matrix

Management obligations

European Works Councils SE Works Councils

- In case of rumours and a transnational dimension, i.e. the closure has an effect for the European workforce in terms of its potential effect (several closures in different countries, or closures having a significant impact on other countrie(s)), central Management has the obligation to inform the EWC or SE WC as soon as possible (see intended decision)

Local worker representations

- If the rumours are well funded and a project of closure is under way, Local Management has the obligation to inform the local representatives as soon as possible (see intended decision). In case more than one country is impacted, such information should be coordinated and provided within the same timeframe.

Worker representatives on the Board

- Management should inform the board members about the corporate strategy and any plans that are likely to affect the workforce at a very early phase and well in advance of any final decision

Workers' rights and action

European Works Councils SE Works Councils

- As soon as rumours may appear to have some substance, EWC/SE WC members should confront management with the information already obtained and ask for further details, including – when appropriate - the formal information and preparations for consultation of the EWC/SE WC. This can be done at a regular meeting or via their Select Committee, Secretary, Chair or other spokesperson in between meetings.
- Get in touch with your trade union coordinator and your European trade union federation to secure the full information of all concerned trade unions and start preparing a joint trade union response.

Local worker representations

- As soon as rumours may appear to have some substance, local worker representatives should confront management with the information already obtained and ask for further details, including - when appropriate – the formal information and preparations for consultation. This can be done at regular

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meetings of the local representative bodies or via their Secretary, Chair or other spokesperson in between meetings. This can also be done by individual shop stewards or the EWC/SE WC members representing of the country concerned.

- Any information obtained at local level should systematically be shared with the EWC/SE WC members of the other countries. This will make it possible to get a picture very quickly of the transnational nature of the closure.

Worker representatives on the Board

- Worker representatives on the board have access to the same information as shareholder representatives. If any rumours about possible closure of sites are going around and such plan has not been communicated to the board yet, then the issue can be raised at the next meeting, asking for full disclosure of the business case. If however such plan was already shared with the board, signals can be sent to the EWC, local worker representatives and/or trade union officers that indeed such restructuring is being prepared. Caution: specific rules on confidentiality may apply.

Trade union action

European Works Councils SE Works Councils

- Contact the respective ETUF: Check and follow any existing ETUF code of conduct/policy applicable in case of closure and/or any pre-existing transnational framework agreement or similar company-specific document.
- Gather information on the affected site(s) and the reasons put forward for a closure. Try to establish contacts with the respective trade union structures in case of multiple closure.
- EWC coordinators should closely cooperate with the ETUF and EWC members in the concerned countries

Local worker representations

- Rumours may be well-founded or not. Therefore, the first mission is to gather as much information as possible to substantiate your presumptions. Possible actions include exchanges with workers concerned, checking publicly available sources (press, corporate website, ...)

Worker representatives on the Board

- In some cases, trade union officers may have a mandate on the company board. If that is not the case, then a close contact to the worker representatives who are on the board will be essential. This will allow rumours to be quickly verified and, if confirmed, to prepare further steps (see the following sections).

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Role of public authorities

European Works Councils SE Works Councils

- No role of public authority at this stage. However, you may inform yourself about the role of national or local public authorities in particular in large cases of restructuring in your country.

Local worker representations

- In some countries, when larger parts of the workforce are concerned, public authorities may be asked to get involved. To prepare for such intervention at a later stage, check your national legislation to find out what rules will apply and which procedures you must follow.
- Laws and regulation on **collective redundancies** may be of particular interest. Some countries also have specific laws laying conditions to allowing closures of sites.

Worker representatives on the Board

- In case of significant impacts on the local workforce, which is often the case for closures, worker representatives on the board may become prepared to ask management to inform public authorities.

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Further reading and resources

CLOSURE

Recent closure cases are documented in the database of restructuring events

Organisation(s): Eurofound

Type: Website

Category: Facts and data

Language: English

Access: Public

COLLECTIVE REDUNDANCIES CLOSURE

In case of a closure resulting in signficant numbers of redundancies, it might also be useful to have a look at the list of company restructuring cases in which interventions of the European Globalisation Fund have been made

(the list is updated every few months)

Type: Website

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