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Promoting job-to-job transitions in industrial restructuring

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

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Liège, 2 December 2016

Objectives of our project



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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:

helex institut

Arbeitsmarkt | Betriebliche Personalpolitik





Our point of departure

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)



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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)



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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?



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2017:

**Evaluate foreign experience and formulate reform
options for Germany**