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DIVERSITY OF EDUCATION AND PROFESSIONAL
DEVELOPMENT – IMPORTANT FACTORS FOR EMPLOYMENT
RELATIONSHIPS

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Abstract

Over the past decade, European labour market has met a series of serious challenges: restructuring of businesses involving massive dismissals followed by increase of the unemployment rate and significant decrease of the of vacant job positions. While the compensation packages and other means of protection of the employees dismissed were always modalities of attenuating the immediate effects of losing the jobs, it was necessary to find other measures that do not only involve costs for the employers and state budgets, but are also useful for the respective individuals to create value for themselves and also for the business and contribute to restarting the economic development. This study aims to assess to which extent the diversity of education and professional development were and continue to be valuable measures considered in order to avoid dismissals and increase the chances for both individuals and businesses' future development. From a methodological perspective, it was useful to identify, analyze and compare the policies promoted at European level, the Romanian legislative measures and practice of the labour relations. The author's personal contribution resides in the screening and analysis of various situations met in practice when assisting various companies on the occasion of implementing restructuring procedures. This analysis has revealed various measures taken by employers that underline the role and importance of the diversity of education and professional development and built the conclusion that such measures offer increased protection to employees by avoiding dismissals, finding easier a new job or identifying other opportunities in their professional life.

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1. Introduction

Within the context of globalization the employment relations in the European Union and in Romania have faced serious challenges. The continuous economic and social changes have influenced the European and local businesses, their organization structure, size, as well as their long and medium term development strategies.

Sometimes businesses have been completely moved in other locations, in the most cases outside Europe. In other cases the workforce has been resized, mostly reduced. The majority of the companies have changed various aspects of their internal organization by outsourcing or insourcing part of their business, switching to other activities, implementing new technologies, etc.

All these changes have impacted the workforce due to the need to implement business restructuring and consequent, sometimes unavoidable, dismissals.

In such context the European Union and the Member States have been forced to find solutions to minimize the effects of such impact of the restructuring decisions over the employees or, if possible, to limit the number of employees affected by such decisions.

2. Problem Statement

While the compensation packages and other means of protection of the employees dismissed were always modalities of attenuating the immediate effects of losing the jobs, it was necessary to find other measures that do not only involve costs for the employers and state budgets, but are also useful for the respective individuals to create value for themselves and also for the business and contribute to restarting the economic development.

3. Research Questions

In this context, it would be very useful to find out which were the solutions identified at the European Union level and at the level of the Romanian legislation to diminish the impact of the business restructuring over the employees, to reduce the number of the employees who may lose the job or who will become unemployed and attenuate the immediate effects of dismissals. As well, in addition to the public policies and legislative measures, the solutions proposed and implemented in the practice of the employment relations are also of high importance as they are identified and accommodated following the needs revealed in practice.

4. Purpose of the Study

This study is aiming to assess to which extent the diversity of education and professional development were and continue to be valuable measures to be considered in order to avoid dismissals and increase the chances for both individuals and businesses' future development

5. Research Methods

From a methodological perspective, it was useful to identify, analyze and compare the policies promoted at the European level, the Romanian legislative measures and practice of the labour relations.

As regards the practice of the labour relations, the research was focused on screening and analysis of the various situations met in practice by the author as lawyer when assisting various companies on the occasion of implementing restructuring procedures and it has covered various industries such as: Pharmaceutical, Electronics and Electrotechnics, Constructions, Banking and Financial, Automotive, Retail, etc. The research was carried out on various sizes restructurings, from those affecting several employees, to restructurings covering hundreds of employees or even more than 2,000 employees. The research has covered more than 50 projects of restructuring and consequent dismissals implemented over a period of approximately 10 years.

This analysis is focused on the various measures implemented by the employers in case of restructuring projects that underline the role and importance of the diversity of education and professional development to increase protection to the employees by avoiding dismissals, finding easier a new job or identifying other opportunities in their professional life.

Such measures have been identified more in case of restructurings implemented by employers acting in industries like Banking and Financial, Pharmaceuticals, Electronics and Electrotechnics, where the employers have larger financial resources. As well, the employers who generally offer higher and more diversified compensation and benefits packages to their employees are the ones who are willing to offer additional benefits in case of restructurings. Finally, such measures have been found in the majority of the cases when the business is shut down and this impacts a large number of employees.

6. Findings

6.1. Globalization and flexicurity

Through an official Communication, the European Commission (2007) has underlined in 2007 that „globalisation is beneficial for growth and employment, but the change it brings requires rapid responses from enterprises and workers”. At that time, the European economies needed restructuring while there were still 17 million unemployed in the EU in 2007.

In fact, over the past decade, European labour market has met a series of serious challenges: restructuring of businesses involving massive dismissals followed by increase of the unemployment rate and significant decrease of the of vacant job positions. While the compensation packages and other means of protection of the employees dismissed were always modalities of attenuating the immediate effects of losing the jobs, it was necessary to find other measures that do not only involve costs for the employers and state budgets, but are also useful for the respective individuals to create value for themselves and also for the business and contribute to restarting the economic development.

In this context, the Commission stated that in order for Europe to adapt to such challenges a more flexible labour market is needed and there should be considered levels of security that address simultaneously the new needs of employers and employees. Thus, the concept of flexicurity was created and its common principles were further explored.

In Commission's opinion, „individuals increasingly need employment security rather than job security, as fewer have the same job for life” while „the companies, especially SMEs, need to be able to adapt their workforce to changes in economic conditions” by recruiting staff „with a better skills match, who will be more productive and adaptable leading to greater innovation and competitiveness”¹ (European Commission, 2007).

Flexicurity was defined by the Commission as „an integrated strategy to enhance, at the same time, flexibility and security in the labour market”.

“Flexibility, on the one hand, is about successful moves ("transitions") during one's life course: from school to work, from one job to another, between unemployment or inactivity and work, and from work to retirement. It is not limited to more freedom for companies to recruit or dismiss, and it does not imply that open-ended contracts are obsolete. It is about progress of workers into better jobs, "upward mobility" and optimal development of talent. Flexibility is also about flexible work organisations, capable of quickly and effectively mastering new productive needs and skills, and about facilitating the combination of work and private responsibilities”.

“Security, on the other hand, is more than just the security to maintain one's job: it is about equipping people with the skills that enable them to progress in their working lives, and helping them find new employment. It is also about adequate unemployment benefits to facilitate transitions. Finally, it encompasses training opportunities for all workers, especially the low skilled and older workers”.

Given the above, flexicurity policies can be designed and implemented across four policy components among which we consider relevant from the perspective of the present study: (i) comprehensive lifelong learning strategies to ensure the continual adaptability and employability of workers, particularly the most vulnerable and (ii) effective active labour market policies that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs.

A high quality initial education gives to the employees broad and high level competencies while the continuous professional training or education, professional improvement allows them to easily adapt to the economic changes. From this perspective, it is important to implement lifelong learning strategies which sustain the long-term employability of workers (both with results of staying employed and finding new employment). On the other side, this determines also an increasing competitiveness of the employing companies.

Of course there are cases when simply ensuring lifelong learning programs is not enough. The Commission has note also some barriers such as: only high skilled employees generally benefit of such programs, while low-skilled workers, fixed term and temporary workers, self-employed, and older workers do not benefit of them, as not being included in such learning programs. On the other side, the employers are reluctant sometimes to invest in the professional training or continuous education of their employees, as the respective employees may be hired by the competitors and leave their employer. Therefore, the training and education programs provided by the employer must be backed up by the involvement of social partners and also governments.

¹ According to the Commission's research and assessment, European citizens accept the need for adaptation and change. 76% of Europeans agree that lifetime jobs with the same employer are a thing of the past. 76% also consider that being able to change easily from one job to another is a useful asset to find a job nowadays. 72% of people said work contracts should become more flexible to encourage job creation. Finally, 88% of citizens said that regular training improves one's job opportunities.

6.2. Romanian legal framework

6.2.1. Professional training and continuous learning

The Romanian legislation promotes professional training and continuous learning (Law 53, 2003, Art. 192-210). The Labour Code provides for the employer's obligation to ensure the participation to professional training programs to all its employees, as follows:

- at least once during a period of 2 years – in case the employer has at least 21 employees
- at least once during a period of 3 years – in case the employer has less than 21 employees

The employees' professional training mainly aims to adapt the employee to the job position requirements, to obtain a professional qualification, to update the employees' knowledge and skills and improve his professional education, to achieve professional re-orientation in case of business restructuring, to get advanced knowledge modern methods, necessary to carry out the professional activities, to prevent the unemployment, to achieve promotion and development of professional carrier.

In order to encourage the employees to participate to professional training programs, the law puts the burden of costs on the employers' shoulders. During the professional training the employees benefit of all their salary rights and such period is counted as length in service.

In view of identifying useful and efficient professional training programs such programs are elaborated and implemented upon consultation with trade unions or employees' representatives, and are attached to the collective labour agreement in force at the company level.

6.2.2. Protection in case of dismissal

According to the legal provisions (Law 53, 2003, Art. 67), the employees dismissed for reasons not related to their persons benefit of active measures prevent unemployment in addition to the dismissal compensations they may be entitled to according to the law or applicable collective labour agreements. Such measures to prevent unemployment are ensured by the unemployment insurance public system.

In addition, in case of collective dismissals, the employer is obliged (Law 53, 2003, Art. 69-71) to initiate consultations with the trade unions or employees' representatives, as the case may be in view of reaching an agreement with respect to:

- ways and means of avoiding collective redundancies or reducing the number of workers affected, and of
- mitigating the consequences by recourse to accompanying social measures aimed, inter alia, at aid for redeploying or retraining workers made redundant

Such measures may result in business decisions to find alternative solutions in order to remove fewer positions from the organizational chart than initially intended or change the object of activity or offer to the employees the possibility to find new jobs, to create a new business or to attend special courses or training programs in order to achieve either professional improvement of their existing qualifications and/or knowledge, or new competencies or even professional re-orientation to access available jobs.

6.2.3. Unemployment insurance system benefits

The unemployment insurance public system currently ensures a double protection (Law 76, 2002):

- payment of compensations to the unemployed persons to temporarily replace the professional income
- funding measures to prevent the unemployment and encourage redeployment of dismissed employees

We may find the diversity of education and professional development as important factors among the measures to preventing the unemployment and encourage redeployment of dismissed employees. We give below some relevant examples (Law 76, 2002, Chapt. IV & Chapt.V).

A. Measures to prevent the unemployment

a) Funding professional trainings organized by employers

In view of preventing unemployment and consolidating jobs by increasing and diversifying the professional competencies of the employees the employers who organize trainings on grounds of the annual professional training plan for their employees are granted once per a calendar year an amount representing 50% of the costs of the professional training services for maximum 20% of the total number of employees.

The employers have the obligation to keep the respective employees at least 1 year from the date the respective amount was paid.

b) Pre-dismissal services in case of collective dismissals

In case of collective dismissals, the employers are obliged to notify the unemployment agencies with at least 30 days before issuance of the dismissal decisions in order to implement measures to prevent unemployment and unfavourable social effects of such dismissals.

During the notice period granted to the employees affected by dismissals such employees are obliged to participate to the pre-dismissal services organized by the unemployment agencies or by other authorised providers of redeployment services

Pre-dismissal services:

- providing information on the legal provisions regarding the protection of the unemployed persons and provision of redeployment and professional training services
- redeployment on the existing vacant jobs and training on modalities for looking for a new job
- professional reorientation within the company or through short term courses
- interviewing the employees and counselling them with respect to any measures to prevent unemployment

B. Measures to stimulate employment

In view of increasing the chances of individuals searching for a job to find such job, the Unemployment National Agency provides various services among which are the following:

- providing information and professional counselling – including providing information about the labour market and evolution of jobs, evaluation and self-evaluation of the individual

personality in view of professional orientation, training on modalities and techniques of searching a new job

- professional training – programs ensuring increase and diversification of professional competencies to ensure mobility and redeployment on the labour market (professional initiation, qualification, re-qualification, improvement and specialization)
- evaluation of and certifying professional competencies acquired on other ways than the formal ones
- consultancy and assistance to start an independent activity or a new business

6.3. Practice of labour relations

In addition to the above mentioned legal obligations to ensure regular professional training to their employees and legal benefits offered by the National Unemployment Agency within the national unemployment insurance system and paid from the national unemployment insurance budget, the employers' have found and implemented in practice additional solutions to avoid dismissals and increase the chances for both individuals and businesses' future development.

In the most part of the cases, the main category of measures implemented in case of imminent dismissals is represented by the compensation payments. Unfortunately, the employees are more interested in such amounts than in professional training courses.

However, there are cases when either upon decision of the employer or following the consultations with the employees' representatives (in case of collective dismissals) the solutions to avoid dismissals and/or reduce the consequences of dismissals belong to the area of continuous education and professional training, i.e.:

- regular trainings offered to the employees to adapt their knowledge, competencies and abilities to new work procedures and technical requirements
- considering other professional competencies held by the employees to redeploy them within the company
- trainings offered as part of outplacement services granted by the employers (acquiring new competencies, consultancy to start independent activity or a new business, mediation on the labour market exploiting any knowledge, competencies and abilities obtained due to multidimensional education and professional development)

Nokia example – Bridge Program

We have found as a relevant example the closure of Nokia's factory located in Jucu, Cluj, Romania, as part of the Nokia's worldwide program to sustain the employees affected by dismissal to find new employment.

Nokia's Jucu factory was closed in 2012, following the implementation of a social program aimed to support the employees. "Nokia is ready to support its employees." Has declared the factory's General Manager. "We invest time, money and expertise to sustain re-deployment, to stimulate new growth opportunities for local community" (Nokia Romania, 2011).

Nokia has created worldwide the Bridge Program to support its employees affected by massive measures of restructurings (Kiuru, Handelberg & Rannikko, 2013).

In Romania, such program has included, among others:

- 6 additional months on payroll
- Multiple training and personal development courses within a specific amount allocated to each employee
- Training on how to create a business plan
- Selection procedure for business plans and payment of a specific amount to start a new business
- Job fairs and consultancy to find new jobs by capitalizing any competencies and abilities of the employees
- Outplacement services
- Counselling on professional re-orientation
- Application through the local unemployment agency to obtain funds from the European Globalization Adjustment Fund

7. Conclusion

Our research grounding all the above presentation, focused on European policies, Romanian national legislation, as well as practice of the labour relations, has revealed that the various measures taken in practice by the employers (either relying on the existing public policies or legal provisions in force, or based only on their internal programs and policies to support their employees in cases when they may be affected by dismissals) underline the role and importance of the diversity of education and professional development and built the conclusion that such measures offer increased protection to the employees by avoiding dismissals, finding easier a new job or identifying other opportunities in their professional life.

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