Abstract
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Macroeconomic trends and prospects

In the last quarter of 2015, better economic data in the EU was overshadowed by increasing anxiety about the potential impact of declining growth and rising instability in developing economies. Aggregate unemployment rates in the Union are in their first sustained downward path since the global financial crisis began: in the EU28, unemployment stands at 9.2%; in the euro zone, at 10.5%. For both, this is around one percentage point lower than a year ago. Over the same period, the unemployment rate increased in only two Member States: Austria (rising from a notably low level) and Finland. There has also been consistently positive, if modest, growth in output since Q1 2013. Again, only two Member States recorded negative year-on-year growth in the most recent Eurostat data: Finland and Greece. The focus of global economic concern has shifted towards the BRIC countries. Uncertain growth prospects in China and declining commodity prices in Russia and Brazil are undermining the capacity of these large, populous countries to fuel economic demand in the developed economies. Each of these economies is also vulnerable to currency depreciation and related financial instability. Weakening global demand, in turn, raises the spectre of deflation which, despite the efforts of central bankers, appears to be as big a threat now as at any time since 2008. Additional sources of potential instability in Europe relate to the refugee/migration crisis, as well as the security implications of the disasters unfolding on the EU’s borders – especially in Syria. A number of ERM job creation cases in the last quarter reflect this broader situation, with public authorities and private employers recruiting to meet growing demand in the security and migrant-processing areas.

Job creation and job loss at a glance

The ERM recorded a total of 287 cases of restructuring between 1 October and 31 December 2015. Of these, 141 were cases of announced restructuring involving job loss and 144 were cases involving announced job creation; two cases involved both job loss and job creation. These cases comprised a total of 36,145 job losses and 46,090 announced job gains. Internal restructuring accounted for 76% of the announced job losses, up 19 percentage points on the last quarter (57%). The proportion of announced job loss attributed to offshoring and relocation dropped by a full 15 percentage points from 19% to 4%. In terms of geographical distribution, Germany recorded the greatest number of job losses (13,124 jobs), followed by the UK (11,776) and Belgium (4,837). The Czech Republic recorded the greatest job gains (6,663) followed by the UK (5,825) and Poland (5,522).

<table>
<thead>
<tr>
<th>2015 Q4</th>
<th>Announced job loss</th>
<th>Announced job gain</th>
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</thead>
<tbody>
<tr>
<td>EU28 + Norway</td>
<td>56,145</td>
<td>46,090</td>
</tr>
<tr>
<td>EU28 + Norway, change on previous quarter</td>
<td>62%</td>
<td>-23%</td>
</tr>
<tr>
<td>Big increases* by country</td>
<td>Austria ++, Belgium ++, Croatia ++</td>
<td>Belgium ++, Czech Republic ++, Ireland +, Lithuania ++, Slovakia +, Spain +, Sweden ++</td>
</tr>
<tr>
<td>Big increases* by sector</td>
<td>Utilities (energy) ++, Administration/support services ++</td>
<td>Transportation/storage +, Public administration ++</td>
</tr>
</tbody>
</table>

Reasons for announced job losses

- Offshoring, outsourcing, relocation: 4%
- Merger, acquisition: 2%
- Bankruptcy, closure: 18%
- Internal restructuring: 76%

Note: * Comparing the quarter to the four-quarter moving average; ++ = >100%; + = >50%; excludes country or sector if quarter average and 2015 Q4 <1,000 job losses/gains. Source: ERM, October–December 2015.
Top 5 cases of job loss and job creation

Date       Company                Job losses  Location   Sector           Type of restructuring
29/10/2015  Deutsche Bank         4,000        Germany   Financial services    Internal restructuring
27/11/2015  Enel                   3,000        Italy     Utilities           Internal restructuring
26/11/2015  Zielpunkt             2,700        Austria   Retail              Bankruptcy
03/12/2015  BNP Paribas Fortis   2,430        Belgium   Financial services    Internal restructuring
12/10/2015  Redcar Steelworks    2,200        UK         Manufacturing        Closure

In the fourth quarter of 2015, the largest-scale restructuring event reported was that of the German financial services provider Deutsche Bank, which announced that it would close 200 of its 720 branches in Germany by the end of 2017, with the loss of 4,000 jobs. The company intends to focus on expanding its digital and securities business, while reducing its accounts and loans for construction projects. Enel, a multinational producer and distributor of electricity and gas, announced a net loss of 3,000 jobs in Italy. The dismissals are part of a global restructuring plan, involving a shift towards the production of renewable energy. The plan entails 6,000 early retirements and the simultaneous hiring of 3,000 young workers. The Austrian retail chain Zielpunkt, part of the Pfeiffer group, has filed for bankruptcy, announcing the loss of 2,700 jobs. Pfeiffer took over Zielpunkt in 2014, but despite investment, the chain recorded further losses. An additional 300 jobs are at risk in Pfeiffer’s logistics centre. Trade unions are criticising management, saying that they did not consult the social partners in time.

Girteka Logistics, one of the biggest transport and logistics companies in Lithuania, has announced a recruitment drive with the intention of creating 2,000 new jobs in 2016. After experiencing staff shortages and substantial turnover in 2015, the company has started a new employee recruitment and retention strategy, focusing on new staff management policies. IT consulting company Accenture announced the creation of 2,000 new jobs in Spain by August 2016. This is in line with the company’s expansion strategy, started in 2013, when it hired 951 workers. Between September 2014 and August 2015, it hired an additional 1,860 new employees. Finally, three players in the retail sector have announced the creation of almost 4,800 new jobs in 2016. UK online supermarket Ocado will create 1,798 new jobs, the majority of which will be delivery drivers. Another UK supermarket, Waitrose, will open 14 new sites in the coming year, creating 1,300 new jobs and an additional 200 jobs at the company’s e-commerce centre. Finally, after opening its first store in the Czech Republic in December, German retailer Lidl will develop new warehouse space in the country, creating 1,500 new jobs.
RESTRICTURING SUPPORT MEASURES IN FOCUS

Public and social partner-based instruments in the Netherlands

In January 2016, the Netherlands took up the presidency of the Council of the EU. The Dutch government and the social partners have put a number of measures in place to support preparation for changes arising in case of restructuring.

Among the initiatives aimed at supporting the anticipation of change, the Netherlands’ regional authorities have set up a monitoring tool called Regional labour market information. This is an observatory that collects and analyses data to match supply and demand of jobs at regional level. The information provided is used by companies and employees alike, as well as by public authorities (including education providers). A more operational tool to match the needs of employers and workers is Flexpool, which provides a platform that allows a group of companies to share a pool of flexible workers. For employers, this Flexpool scheme enables a quick response when looking for additional trained workforce at short notice; for unemployed workers, it offers the possibility of having income security and professional training.

To assist individuals to prepare for future skills needs, sectoral training and development funds have been established. In line with collective agreements, sectoral employers must collectively finance training or training facilities that employees or unemployed workers can access to improve their labour market situation.

When managing restructuring, companies can use Mobility Centres. In these schemes, a number of regional stakeholders work together to provide immediate support to employees facing unemployment – assistance in finding a new job or in accessing training related to labour market trends. Similarly, Gatekeeper centres focus on offering work opportunities to disabled workers or those with a long-term illness. Participating employers must find a new job elsewhere for people who can no longer work for them.

Another form of ‘matching’ is covered by Enterprise exchange, a database for the exchange of information among buyers and sellers of companies. The database is managed by intermediaries (banks or consultancies in collaboration with the chamber of commerce) to guarantee the protection of business-sensitive data.

More information is available at Eurofound’s restructuring support instruments database.

CASE IN FOCUS

Amazon deploys warehouse robots in Poland, creates new jobs

In November 2015, US online retailer Amazon announced the creation of 170 new jobs at its distribution centre in Bielany Wrocławskie, near Wrocław. Amazon has three distribution centres in Poland (two in Bielany Wrocławskie and one in Poznań), which became operational in 2014 and 2015. These three centres employ around 6,000 permanent staff; during peak periods, their numbers can swell by a further 9,000 due to the hiring of temporary staff. The three Polish sites are integrated into the Amazon network of distribution centres in Europe as part of an expansion strategy to serve customers in every European country.

The new jobs created at Bielany Wrocławskie form part of a restructuring programme involving the implementation of a robotic logistics system. In 2012, Amazon acquired the robotics company Kiva Systems for USD 775 million (€709 million as at 18 January 2016), renaming it Amazon Robotics. It is now a wholly owned Amazon subsidiary. Since the end of 2014, Amazon has doubled the use of Kiva robots in its distribution centres to 30,000. Bielany Wrocławskie is the first logistics centre in Europe to operate under this system, robots bringing the shelf to the packer, rather than the packer going to the shelf. It is estimated that this increases the efficiency and capacity of storage space by 50%. Amazon also claims that it improves warehouse jobs and makes warehouses more productive. Kiva robots can travel at around 8 kilometres per hour and haul packages weighing more than 300 kilograms.

Although there were initially concerns that the introduction of robots would result in job losses at Amazon, the company is still hiring large numbers of workers. Since 2013, global headcount at the company has more than doubled – to over 220,000, nearly twice the workforce of Microsoft and four times that of Google. However, the company is currently working to develop a picker robot that would be able to discern, grasp and pack objects, tasks that humans currently perform. In the medium term, it is reasonable to assume that Amazon’s substantial investment in robotics will serve to reduce significantly the labour intensity of its current distribution model.
CASE IN FOCUS

Public agency recruitment to address refugee crisis

A number of job creation cases over the last few months in the ERM are related – or at least attributed – to the ongoing refugee/migration crisis in Europe. The sectors targeted illustrate how the crisis varies across Member States, as do the proposed responses and the divergent political ideas on how to frame and handle the crisis.

Three municipalities in Sweden (Stockholm, Gothenburg and Malmö), as well as the national Swedish Migration Agency, have announced significant recruitment in the area of fundamental service provision for asylum seekers, particularly unaccompanied minors. In September, the Swedish Migration Agency in Stockholm announced the recruitment of an extra 100 people – primarily administrators and assistants – to deal with the increasing flow of asylum applications. In mid-October, Malmö Municipality announced that it had hired 700 additional staff to work with unaccompanied refugee children. One week later, Gothenburg Municipality announced the recruitment of 200–300 additional staff, again to accommodate and care for unaccompanied minors. This figure was revised upwards to 1,000–1,500 new staff, after the number of unaccompanied children predicted to arrive in Gothenburg by the end of the year was doubled from 900 to 1,800. In November, Stockholm Municipality also announced plans to hire between 300–1,500 new staff to deal specifically with unaccompanied minors. At least 300 will be hired to handle temporary housing, primarily for unaccompanied children. However, the announcement noted the need for school teachers in order to cope with the numbers of refugee children entering the school system (between 20 August and 20 October 2015, some 902 refugees entered the Swedish primary school system). In total, Swedish public authorities have announced the creation of between 2,100 and 3,800 jobs in the last few months, primarily in social care and specifically for unaccompanied minors.

In Austria, new jobs have been created in the non-governmental sector. In October, the Austrian Red Cross announced the recruitment of 120 new temporary employees to ensure continuous support during the winter months. Over the weeks leading up to the announcement, the Red Cross had provided support for more than 40,000 refugees in Upper Austria.

In October, the Czech Ministry of the Interior announced the creation of 1,123 jobs spread between the police force and the Department for Asylum and Migration Policy. This number may be raised to 2,500 in 2016. This was, again, attributed to rising levels of immigration. Here, the focus is on security and the processing of asylum applications. This could reflect the stance towards migration that the Czech Republic has put forward as part of the Visegrad Group, but it may also highlight key differences in how the crisis is approached, in terms of ‘destination’ versus ‘transit’ countries.

About the ERM

The European Restructuring Monitor (ERM) is a unique EU-wide dataset on larger-scale restructuring events. It monitors the announced employment effects of restructuring in the EU28 and Norway. The ERM is updated on a daily basis and data can be used for statistical analysis. It relies on reports in selected media titles. The data for this report were extracted on 13 January 2016. For more, visit the European Restructuring Monitor web page.

This issue is based on contributions from Lena Jacobs, Eleonora Peruffo, John Hurley, and Andrea Broughton (EU-level correspondent).