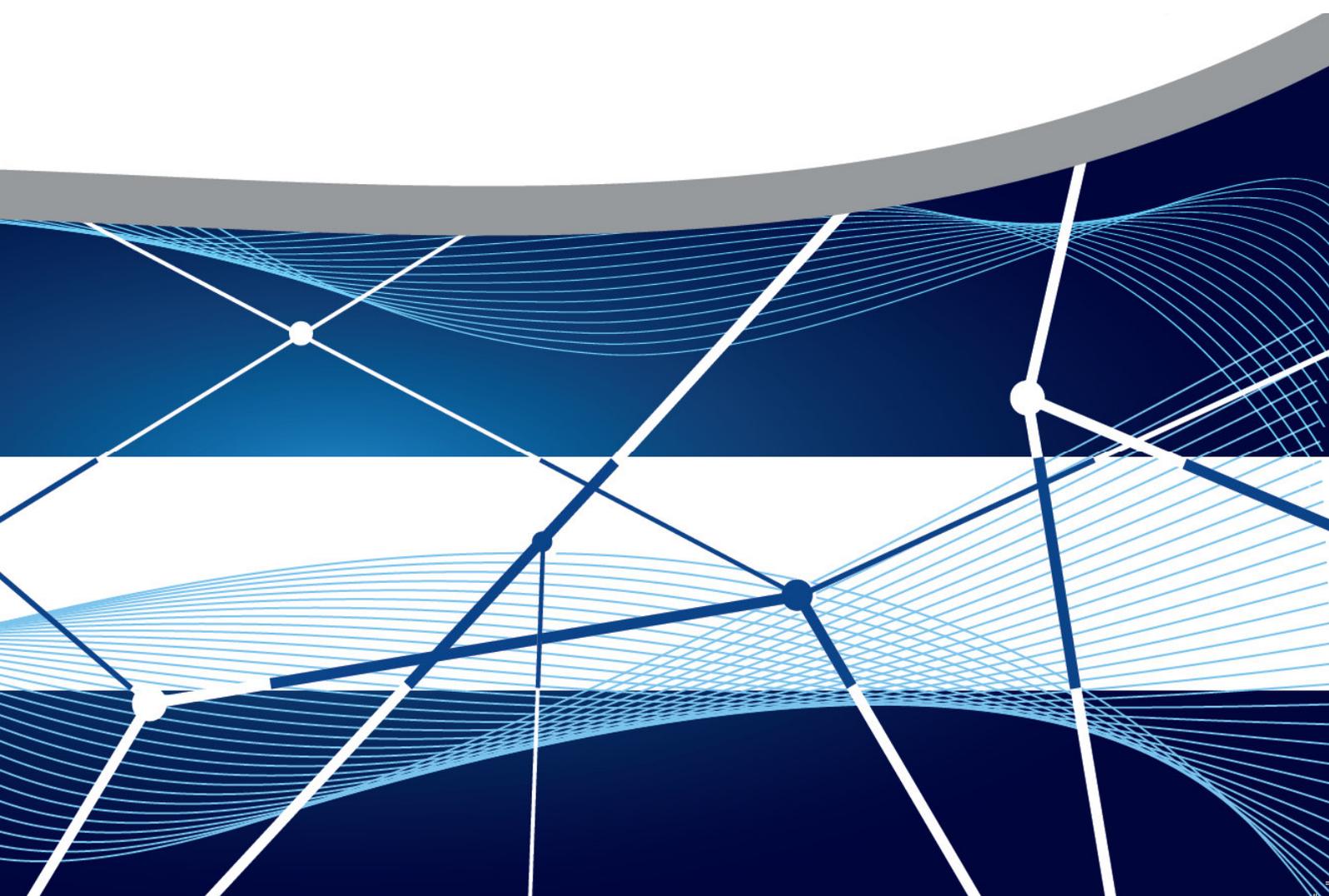


WEB SURVEY ABOUT COMPANY RESTRUCTURING

Comparative report for
Slovenia, Hungary and Czech Republic



WEB SURVEY

Network ProMCR:

Network Proactive Management of Change and Restructuring

Comparative report for Slovenia, Hungary and Czech Republic

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The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA-EEA and EU candidate and pre-candidate countries.

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About the survey

Competitiveness of the European economy and conservation activities and jobs in Europe will increasingly depend on the ability of European companies to increase their own competition through innovation and rapid and smooth adaptation to change. The positive export performance of some Member States is proof that success in global markets is based not only on price competitiveness, but also on other factors in broader sense; sector specialization, innovation and skill levels, and other factors which enhance real competitiveness. In this regard, structural weaknesses in the period before the crisis, which have not been adequately addressed, have become extremely obvious. It is not even necessary to point out that the system, which is built around the principles of job stability, is less and less able to offer each worker a real opportunity of providing him/her a quality career and future when their jobs are at risk because the companies are not encouraged enough to adapt to relevant changes.

Treatment of restructuring and adapting to changes in general in a positive way includes both; anticipating changes and managing them. To minimize the negative impact of restructuring, it is necessary to carry out preliminary steps well in advance. Skills, knowledge and qualifications are among the key pillars of change management, as well as being a driving force for long-term success of companies.

A part of this research is aimed at education and training policies in the company. These policies represent a key link between the future needs of the labour process and the current situation in the company. Still, it is possible to determine that many of the companies do not give sufficient attention to this fact. Lack of attention in regard is often complemented with poor government financial support of needed investments in training and education in the companies. In relation to education it is of essence, that companies are provided with proper institutional framework and proper content of educational programs, corresponding to the actual needs of the companies.

The study, which is in front of you, consists of data on survey on restructuring that was carried out, as well as on the planned restructuring. The purpose of this study was to determine how far in advance has been / is restructuring planned and what are the appropriate measures for the companies to take in that regard. Our thesis was that the restructuring planned far in advance requires less invasive measures related to employees, and provides companies with sustainable properly trained and qualified workforce.

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In the second part of the research, we analyzed and combined the data from questionnaires in order to create a tool for employers, on how to anticipate and manage changes, and to provide a set of positions and recommendations for EU policy makers.

Methodology

Web survey was used as method of data collection. The questionnaire was prepared in English and adapted to three languages: Czech, Slovene and Hungarian. There was special emphasis during the translation phase, to provide unique and unambiguous questions in each language. For comparison need in analysis exactly the same questions were adapted in all countries in order to enable the comparison and analysis among countries.

The survey was carried out in April 2012. The invitation to take part in the survey was mailed to approximately 3000 contacts per country with at least two times reminder. The sample used in the survey is restricted to members of employer associations, which makes sample biased and not random. The exception to the “solely membership” approach is Slovenian sample, where invitation to fill the survey was also sent to non member companies, listed in the list of companies who used services of ZDS in the past.

When collecting data, the survey took into account the general ethics of research and allowing the greatest degree of anonymity. To this end, we set a specific approach to reward respondents, as they could, after answering questions, send an email to the dedicated email address, where they submitted their data. Surveys could not be linked to contacts.

The questionnaire was composed of three sets of questions, starting with general questions about the characteristics of companies (such as size, age, etc.) The second part of the questionnaire focused on obtaining information on the intensity and methods of restructuring in three time periods (“before 2008”, “the year 2008 to present” and “near future”). The third set of questions was focused on the educational processes in companies.

In total the questionnaire consisted of 45 questions, but not all the questions were answered by all respondents, due to different period of restructuring carried out.

Each question in the questionnaire included the possibility to answer "no answer". For example when respondents did not have the answer to the question, either because they were unable or unwilling to answer. Such option is in accordance with research ethics, because it allows free choice of answering points and the principle of voluntary participation in the survey. Online survey was



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programmed in manner that all the questions were mandatory, and required the respondent to answer each question, even by choosing the "no answer" option.

Analysis

Analysis of survey sample is represented in the first chapter. All analyses in this report are made with emphasis on comparisons among countries and time period of companies change, which is the crucial focus of the research – the situation regarding restructuring of a company or possible planned future restructuring of a company. The analysis will allow us to create a picture of how companies adapt to restructuring and how far in advance companies plan to adapt at such changes.

The first part relates to general statistical information about the company; the second part concerns implemented or planned restructuring; the third part relates to training and education and related employer policies.

The analysis does not include missing responses ("no answer" responses), therefore the analysis represents the sum of all responses, excluding the missing ones.

Sample size is added in each segment / individual answer analysis (or country, time, size of business ...), for the purpose mentioned. The analysis took into account the responses from incomplete questionnaires. Even if the respondent prematurely withdrew from the questionnaire, the valid responses were observed in the analysis. Because of the respondents who did not fill-in the entire questionnaire, the total number of responses to each question alternates / answer options. Not including incomplete questionnaires into the survey would seriously decrease the size of the sample. The method used is necessary and in accordance with statistical treatment of missing values in the analysis. All missing responses, either because the selected 'no answer' options, either because of outstanding issues for early withdrawal of the survey respondents were excluded from analysis.

Issues where the size of the *numerus* significantly deviates from the total number of respondents in the sample, indicate greater proportion of missing responses, except for many of questions which were answered only if their businesses went through restructuring in certain period of time. These questions are in principle not answered by all respondents and therefore the number of respondents is much lower.

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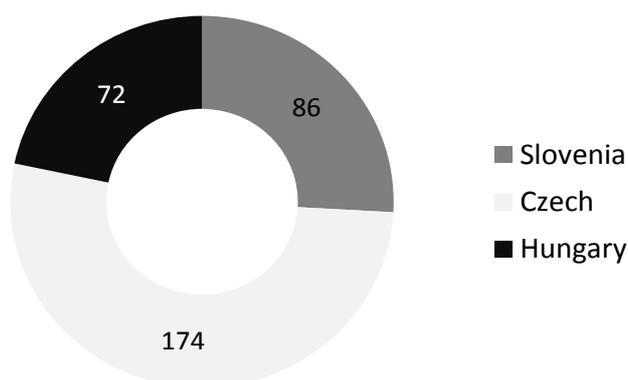
For a holistic understanding of the analyzed data, it is inevitable to take into consideration also the size of the company. To this end, the second part of analysis compares gathered data with the data on the size of the company.

Survey sample description

The sample is biased by the fact that contacted companies are predominantly members of employer associations, larger and older companies. An invitation to participate was sent to employers, who are members of partner employers' associations, whereas Slovenian association invited also non members to participate in the survey (approximately 50:50 ratio).

The graph below (Picture 1) represents the number of the responses by countries. All incomplete answers were treated as missing values, appropriately recoded and excluded out of analysis.

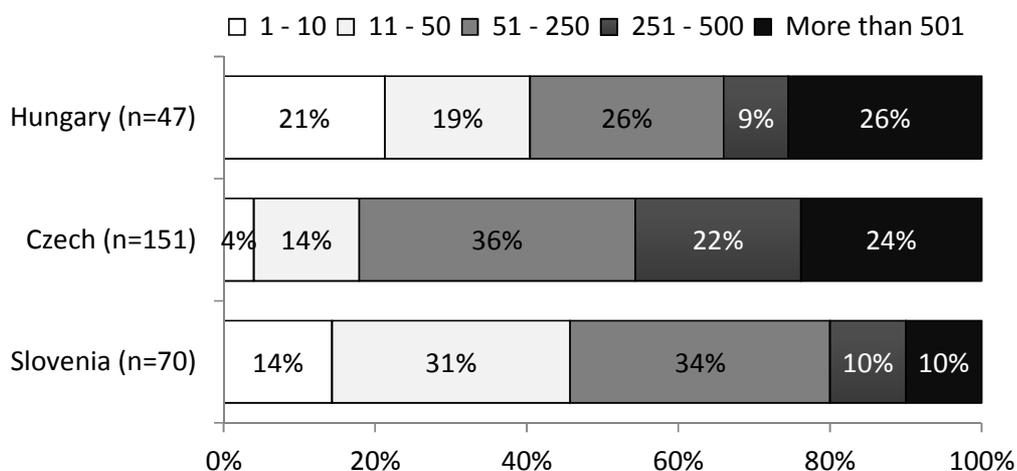
The response rate was the highest in Czech Republic, whereas the lowest response rate was in Hungary.



Picture 1: Survey sample description - in number of response rates; countries included into the survey ProMCR (n=332)

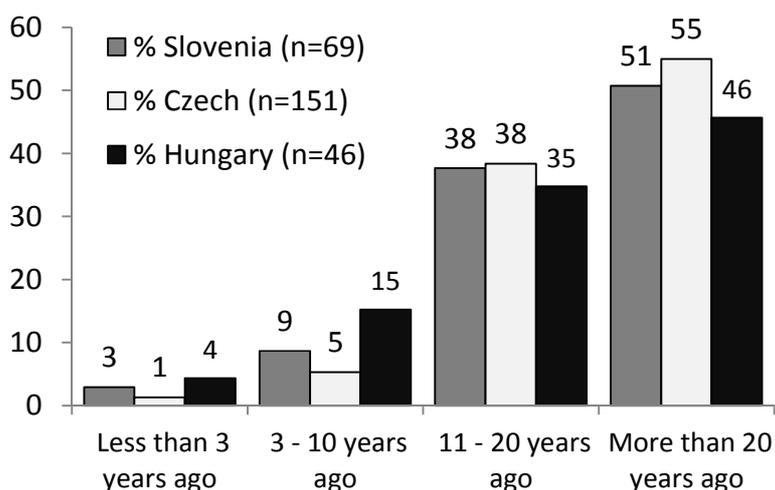
Regarding the company size (expressed as number of employees), Slovenia slightly deviates from the sample compared to Hungary and Czech Republic; Only 10% of the participating companies employ more than 500 employees, but on the other hand there is the highest percentage of Slovenian companies in category 11-50 employees - 31%. Representation of Czech companies in the sample is opposite, less small companies and more of big size companies. Hungary has most evenly distributed the sample according to the size of the company (Picture 2).

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Picture 2: Company size - in number of employees, by countries (n=332)

Regarding the age of companies, countries are comparable with each other. The age structure is very similar. The highest share of older companies in the sample is in the Czech Republic - 55% of all companies included into the Slovenian sample are more than 20 years old, while in Hungary 46% of participating companies (Picture 3).

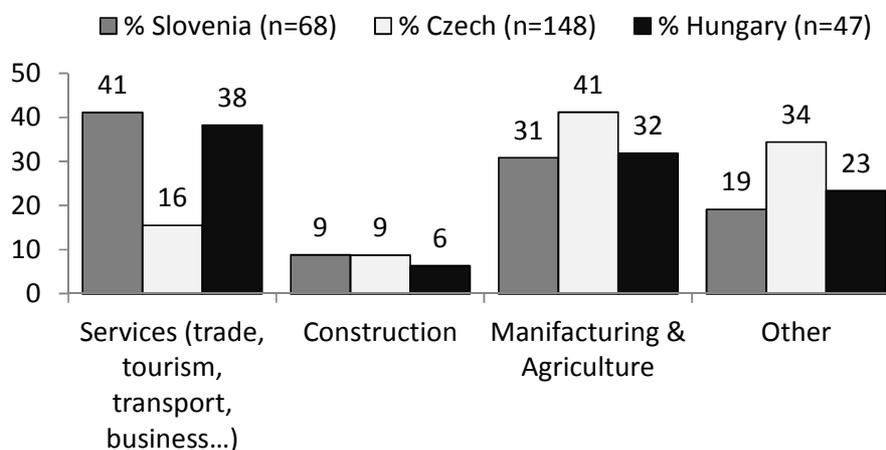


Picture 3: Age of the companies - When was your company established?, by countries (n=332)

Regarding the sector structure of the participating companies, there was a strong ambition to provide sufficient data and compare construction sector separately from other service type sectors,

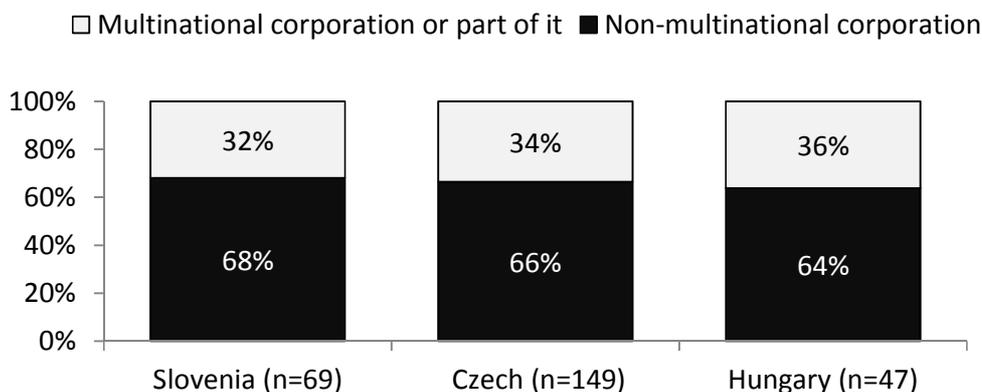
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but there were only 9% (in Slovenia and Czech Republic) of companies from construction sector participating in the survey (Picture 4).



Picture 4: Sector type - In what sector of activity does your company mainly operate? - By countries (n=332)

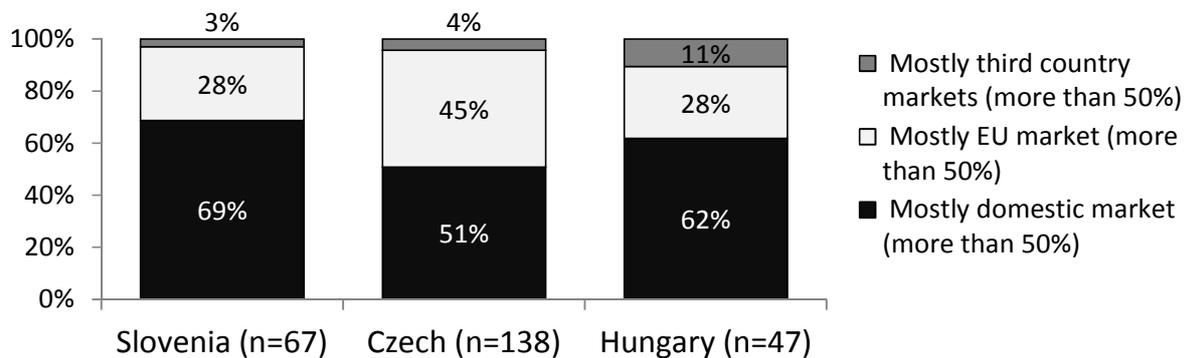
The picture below represents the share of companies defined as multinational corporations or at least part of them. The sample between countries is evenly distributed. More than 60% of all companies included in the survey are non-multinational type.



Picture 5: Corporation type - Are you a multinational corporation?, by countries (n=332)

Slovenian sample (n=69) contains mostly companies that are oriented on domestic market, however in Czech Republic there is almost half of companies mostly oriented in the EU market, which is highest share among countries. Only Hungarian sample includes over 10% of companies, mostly oriented on third country markets. (Picture 6)

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Picture 6: Market orientation - What is your main market?, by countries (n=332)

Organizational restructuring

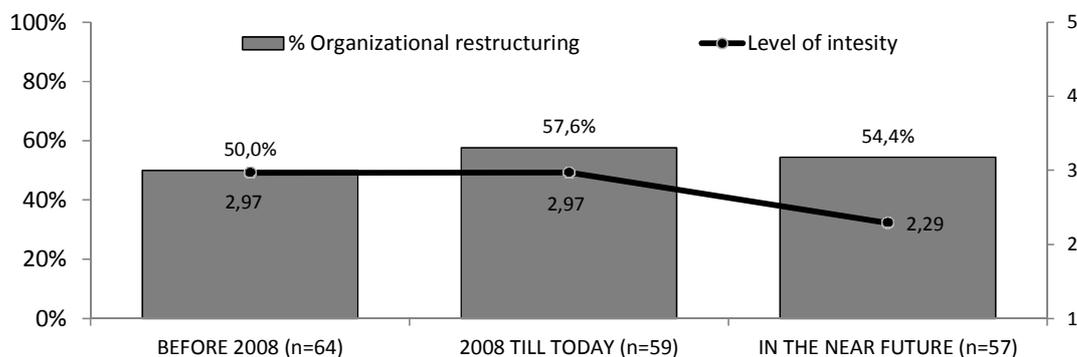
Main part of the survey was focused on organizational restructuring according the period of time the companies went through relevant changes – period “before 2008”, period “2008 till today” and period “from present on”. Definition of restructuring was included in an introduction of questionnaire: *“A significant modification made to the debt, operations or structure of a company or gradual adjustments to the working process due to organizational, structural or market changes.”*

The initial question of the second part of the survey was, “did your company undergo significant organizational restructuring BEFORE 2008?” (Where 0 – means “we did not undergo any restructuring” ; 5 – “complete restructuring”.) Answers to the question are represented in two ways (Picture 7): first (box plot) represents the share (%) of companies that underwent significant organizational restructuring as defined in the survey; the second (line) represents the average of intensity, recalculated within answers on scale 1-5.

Main thesis regarding the question in regard was: that the crisis in 2008 increased the number of relevant changes in the company.

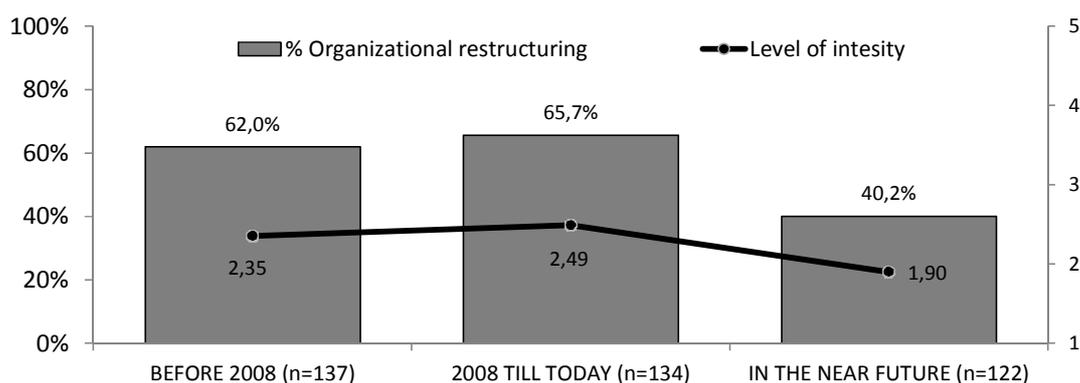
The result shows that companies in Slovenia restructured (in accordance with the survey definition) in “2008 till today” period in largest extent (57,6%). However, in accordance to the companies’ projections, in the “near future” period we can expect larger percentage of organizational restructuring, compared to the “before 2008” period, but with lower intensity.

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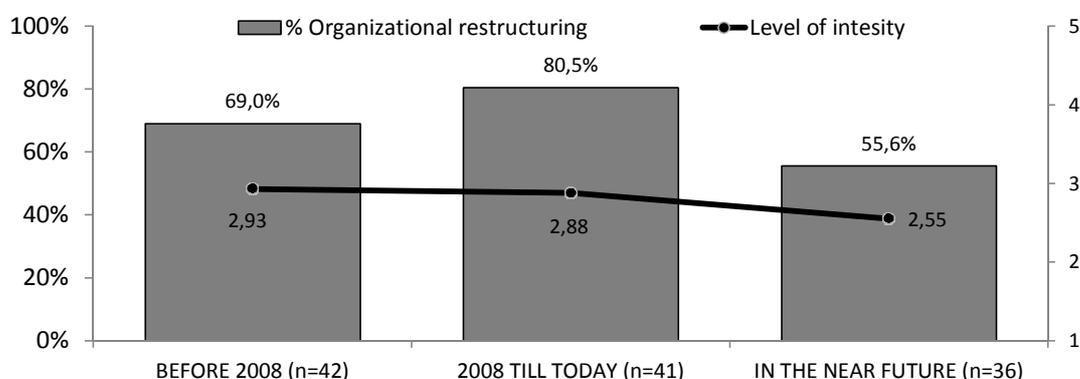
Picture 7: Organizational restructuring by % of companies that undergo significant organizational restructuring in time periods & Level of restructuring intensity as average of estimations (1-5, where 1 means little restructuring and 5 a lot of restructuring), Slovenia

Czech companies (Picture 8) show significantly lower intensity of changes compared to Slovenia, but larger number of companies already went through restructuring process, which could also be the reason for relatively lower level of planned restructuring for the future. It is also worth mentioning that “2008 till today” period is the most intense period, regarding the share (%) of the companies that went through restructuring (65,7%) and also regarding the intensity of changes being made (2,49).



Picture 8: Organizational restructuring by % of companies that undergo significant organizational restructuring in time periods & Level of restructuring intensity as average of estimations (1-5, where 1 means little restructuring and 5 a lot of restructuring), Czech Republic

Hungarian companies (Picture 9) have the highest share of the companies that already went through significant organizational restructuring, and also boast with highest intensity of changes before 2008. Even so, the highest share of the companies that went through restructuring process (80,5%) is recorded in period “2008 till today”. There is also relatively high level of changes planned for the “near future” period (55,6%) – similar to plans of Slovene companies (54.4%).



Picture 9: Organizational restructuring by % of companies that undergo significant organizational restructuring in time periods & Level of restructuring intensity as average of estimations (1-5, where 1 means little restructuring and 5 a lot of restructuring), Hungary

The share (%) of companies that went through significant organizational restructuring after the “year 2008” period has increased in all of the included countries, compared to the period “before 2008”. The smallest change has occurred in Czech Republic (gap of 3,7%, comparing period “before 2008” and “2008 till today” period). Most of the Hungarian companies went through significant changes during the “2008 till today” period (more than 80%). Planned significant organizational restructuring for the “near future” period decreases in all surveyed countries. Slovenia has lowest share of companies that underwent significant organizational restructuring in periods “before 2008” and “2008 till today”, but the intensity of changes made in those periods was the highest of all participating countries. Slovenian sample somehow follows the thesis that the crisis forced employers to take more intense measures (high level of lay-offs; soft methods retiring, retraining, relocation were not widely used).

Comparative report – web survey: Slovenia, Hungary, Czech Republic

It can be observed (Picture 10) that methods of restructuring used in “year 2008 and later” period aimed mostly at reducing the number of employees (58%), whereas other approaches remain relatively stable throughout all three observed periods, with exception of method “internal organizational restructuring – decrease in number of employees”.

	BEFORE 2008 (n=145)	2008 TILL TODAY (n=150)	IN THE NEAR FUTURE (n=98)
Relocation – change of the location within the same country	6%	6%	3%
Outsourcing	19%	18%	16%
Insourcing - internalization of until recently external service	8%	11%	5%
Merger / Takeover / Joint venture	15%	16%	12%
Internal organizational restructuring - decrease in number of employees	48%	58%	22%
Internal organizational restructuring - increase in number of employees	26%	15%	22%
Internal organizational restructuring - with no significant change in numbers of employees	21%	19%	36%
Redeploying workers to other departments	18%	26%	23%
Introducing part-time work and other flexible systems of employment	9%	18%	10%

Picture 10: Methods of changes - What kind of restructuring did your company undergo? - % of companies that made changes regarding the certain type of change, by time period

Comparative report – web survey: Slovenia, Hungary, Czech Republic

BEFORE 2008 (n=145)	Slovenia (n=32)	Czech (n=84)	Hungary (n=29)
Relocation – change of the location within the same country	9%	5%	3%
Outsourcing	13%	15%	38%
Insourcing - internalization of until recently external service	16%	5%	10%
Merger / Takeover / Joint venture	34%	1%	0%
Internal organizational restructuring - decrease in number of employees	31%	58%	38%
Internal organizational restructuring - increase in number of employees	34%	19%	34%
Internal organizational restructuring - with no significant change in numbers of employees	25%	19%	24%
Redeploying workers to other departments	19%	21%	7%
Introducing part-time work and other flexible systems of employment	6%	8%	14%

Picture 10. 1: Methods of changes before 2008 - What kind of restructuring did your company undergo? - % of companies that made changes regarding the certain type of change, by country in time period before 2008

Comparative report – web survey: Slovenia, Hungary, Czech Republic

2008 TILL TODAY (n=150)	Slovenia (n=33)	Czech (n=85)	Hungary (n=32)
Relocation – change of the location within the same country	15%	4%	3%
Outsourcing	24%	11%	31%
Insourcing - internalization of until recently external service	18%	4%	22%
Merger / Takeover / Joint venture	9%	20%	13%
Internal organizational restructuring - decrease in number of employees	58%	65%	41%
Internal organizational restructuring - increase in number of employees	12%	12%	25%
Internal organizational restructuring - with no significant change in numbers of employees	15%	15%	31%
Redeploying workers to other departments	45%	28%	0%
Introducing part-time work and other flexible systems of employment	24%	13%	25%

Picture 10. 2: Methods of changes 2008 till today - What kind of restructuring did your company undergo? - % of companies that made changes regarding the certain type of change, by country in time period 2008 till today

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IN THE NEAR FUTURE (n=98)	Slovenia (n=31)	Czech (n=48)	Hungary (n=19)
Relocation – change of the location within the same country	3%	4%	0%
Outsourcing	23%	6%	32%
Insourcing - internalization of until recently external service	0%	8%	5%
Merger / Takeover / Joint venture	23%	4%	16%
Internal organizational restructuring - decrease in number of employees	23%	27%	11%
Internal organizational restructuring - increase in number of employees	6%	31%	26%
Internal organizational restructuring - with no significant change in numbers of employees	42%	29%	42%
Redeploying workers to other departments	32%	27%	0%
Introducing part-time work and other flexible systems of employment	13%	8%	11%

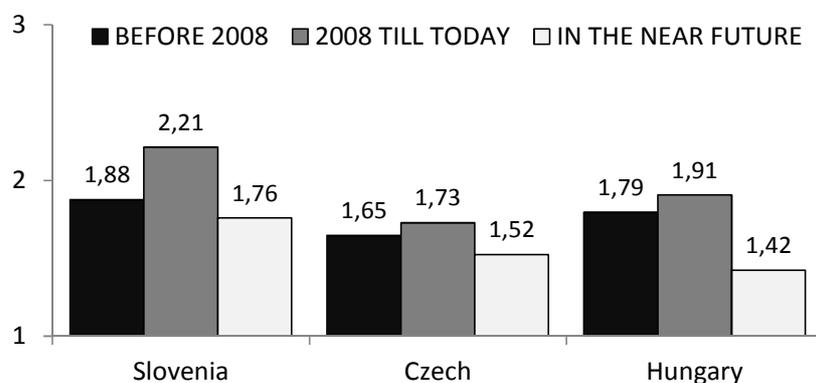
Picture 10. 3: Methods of changes in the near future - What kind of restructuring did your company undergo? - % of companies that made changes regarding the certain type of change, by country in time period in the near future

In pictures above, methods of structural restructuring is represented by period time, for each particular country.

Significant increases from period “before 2008” and in “2008 till today” are recorded in “redeploying workers to other departments” bracket “introducing part-time work” bracket and “other flexible systems of employment” bracket. However the highest increase is recorded in “Internal organizational restructuring”, and the highest decrease is recorded in “number of employees”, which is the most frequent method overall, but even more often used in “2008 period”. “Internal organizational restructuring - increase in number of employees” significantly decreased from “before 2008 period” and in “2008 till today” period (difference for 10%). Regarding the future expectations, companies see/plan most changes on fields of: “decreasing internal organizational restructuring” – “decrease in number of employees” and “increasing internal organizational restructuring - with no significant change in numbers of employees”.

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Next graph (Picture 11) represents the average amount of changes that companies report as significant while organizationally restructuring. The measure counts all the answers on multiple question “What kind of restructuring did your company undergo?” as an average response.



Picture 11: Average of number of changes that companies undergo, by countries and time period (n=332)

There is a difference in “reasons for changes” question, comparing periods “before 2008” and “2008 till today” period. Highest decrease is recorded in “due to increase of market share / entering new markets” and highest increase is recorded in “adjustment to meet change of market demand”.

Treating expected reasons for the near future, highest increase is expected in “Introducing new technology/products/services” and “due to increase of market share / entering new markets”. Highest decrease is expected in “Adjustment to meet change of market demand” (Picture 12).

Comparative report – web survey: Slovenia, Hungary, Czech Republic

	BEFORE 2008 (n=142)	2008 TILL TODAY (n=147)	IN THE NEAR FUTURE (n=99)
Introducing new technology/products/services	29%	28%	45%
Age structure of the employees	6%	8%	15%
Adjustment to meet change of market demand	57%	69%	61%
Due to increase of market share / entering new markets	28%	22%	35%
Enhancing the competitiveness	58%	61%	61%
Adjustment to environmental standards / legislation	11%	7%	11%
Adjustment to other (non environmental) legislation	10%	7%	11%
Adjusting to the age structure of employees	2%	4%	11%
Bankruptcy / compulsory settlement	2%	0%	2%

Picture 12: Reasons for changes - What were the main reasons for changes? - % of companies that made changes regarding the certain reason, by time period

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BEFORE 2008 (n=142)	Slovenia (n=31)	Czech (n=48)	Hungary (n=19)
Introducing new technology/products/services	29%	27%	34%
Age structure of the employees	16%	2%	3%
Adjustment to meet change of market demand	55%	59%	55%
Due to increase of market share / entering new markets	35%	22%	38%
Enhancing the competitiveness	55%	55%	69%
Adjustment to environmental standards / legislation	23%	7%	10%
Adjustment to other (non environmental) legislation	16%	10%	3%
Adjusting to the age structure of employees	3%	0%	7%
Bankruptcy / compulsory settlement	3%	2%	0%

Picture 12. 1: Reasons for changes before 2008 - What were the main reasons for changes? - % of companies that made changes regarding the certain reason, by country (multiple answers possible)

2008 TILL TODAY (n=147)	Slovenia (n=33)	Czech (n=84)	Hungary (n=31)
Introducing new technology/products/services	24%	30%	26%
Age structure of the employees	18%	5%	6%
Adjustment to meet change of market demand	79%	64%	74%
Due to increase of market share / entering new markets	18%	18%	35%
Enhancing the competitiveness	64%	60%	61%
Adjustment to environmental standards / legislation	9%	5%	10%
Adjustment to other (non environmental) legislation	15%	6%	0%
Adjusting to the age structure of employees	9%	1%	6%
Bankruptcy / compulsory settlement	0%	0%	0%

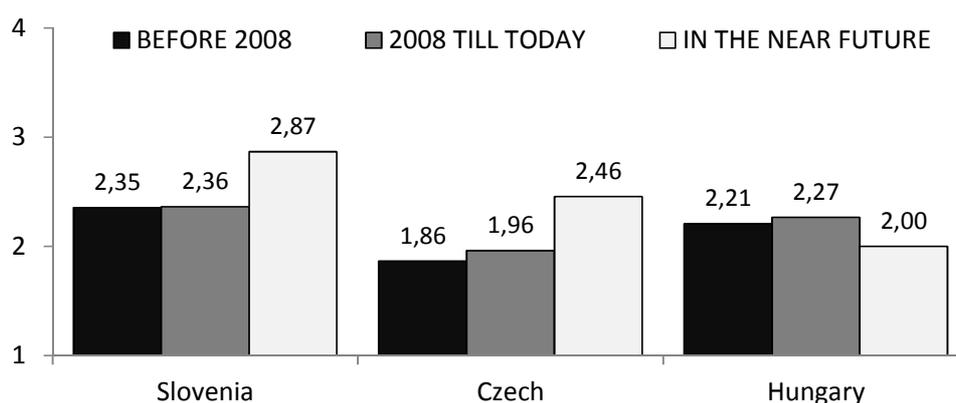
Picture 12. 2: Reasons for changes in 2008 till today - What were the main reasons for changes? - % of companies that made changes regarding the certain reason, by country (multiple answers possible)

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IN THE NEAR FUTURE (n=99)	Slovenia (n=31)	Czech (n=48)	Hungary (n=20)
Introducing new technology/products/services	58%	48%	20%
Age structure of the employees	23%	10%	15%
Adjustment to meet change of market demand	0%	54%	55%
Due to increase of market share / entering new markets	26%	42%	35%
Enhancing the competitiveness	68%	58%	55%
Adjustment to environmental standards / legislation	13%	8%	15%
Adjustment to other (non environmental) legislation	13%	15%	0%
Adjusting to the age structure of employees	3%	0%	5%
Bankruptcy / compulsory settlement	0%	0%	0%

Picture 12. 3: Reasons for changes in the near future - What were the main reasons for changes? - % of companies that made changes regarding the certain reason, by country (multiple answers possible)

Summing up all the reasons for restructuring, reported in the survey and averaged it within each country and time period, less reasons were listed among Czech companies and most of them among Slovenian (Picture 13).



Picture 13: Average of number of reasons that companies undergo, by countries and time period (n=332)

According to the period of time, there is significant difference in restructuring measures taken. There is the highest decrease in selecting option “introducing new technologies” and “employing new

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workers”, especially comparing period “before 2008” and “2008 till today” The highest increase of restructuring measures in the same period is recorded among “not prolonging / renewing fixed time employments” (Picture 14).

	BEFORE 2008 (n=144)	2008 TILL TODAY (n=150)	IN THE NEAR FUTURE (n=98)
Working hours / working hour system adjustments	13%	17%	14%
Termination of employment contracts – redundancies	40%	49%	18%
Employing new workers	40%	31%	36%
Workers left the company on their own – found new employment	11%	19%	6%
Retirement of workers	30%	34%	27%
Not prolonging / renewing fixed time employments	20%	45%	16%
By canceling / reducing the number of agency workers	9%	17%	9%
By increasing the number of agency workers	14%	13%	6%
Training and education of workers	38%	41%	53%
Introducing new technologies	45%	35%	45%
Redeploying workers to other departments	22%	30%	27%
Introducing part-time work and other flexible systems of employment	10%	15%	9%

Picture 14: Restructuring measures - What measures were taken due to restructuring? - % of companies that took certain measure, by time period

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BEFORE 2008 (n=144)	Slovenia (n=32)	Czech (n=83)	Hungary (n=29)
Working hours / working hour system adjustments	6%	14%	14%
Termination of employment contracts – redundancies	13%	51%	38%
Employing new workers	41%	35%	52%
Workers left the company on their own – found new employment	9%	11%	14%
Retirement of workers	38%	27%	31%
Not prolonging / renewing fixed time employments	19%	22%	17%
By canceling / reducing the number of agency workers	6%	10%	10%
By increasing the number of agency workers	13%	14%	14%
Training and education of workers	56%	29%	45%
Introducing new technologies	41%	48%	41%
Redeploying workers to other departments	22%	27%	10%
Introducing part-time work and other flexible systems of employment	6%	11%	14%

Picture 14. 1: Restructuring measures before 2008 - What measures were taken due to restructuring? - % of companies that took certain measure, by country

Comparative report – web survey: Slovenia, Hungary, Czech Republic

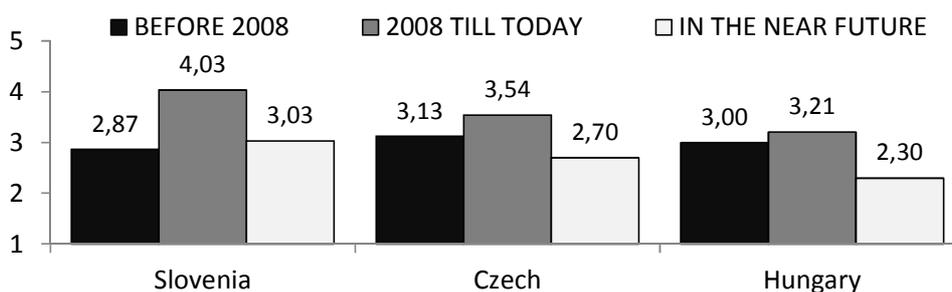
2008 TILL TODAY (n=150)	Slovenia (n=33)	Czech (n=86)	Hungary (n=31)
Working hours / working hour system adjustments	21%	14%	23%
Termination of employment contracts – redundancies	36%	56%	45%
Employing new workers	27%	30%	39%
Workers left the company on their own – found new employment	33%	17%	10%
Retirement of workers	36%	35%	29%
Not prolonging / renewing fixed time employments	52%	50%	26%
By canceling / reducing the number of agency workers	12%	20%	13%
By increasing the number of agency workers	12%	10%	19%
Training and education of workers	55%	38%	32%
Introducing new technologies	39%	31%	39%
Redeploying workers to other departments	52%	31%	3%
Introducing part-time work and other flexible systems of employment	27%	8%	23%

Picture 14. 2: Restructuring measures in 2008 till today - What measures were taken due to restructuring? - % of companies that took certain measure, by country

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IN THE NEAR FUTURE (n=98)	Slovenia (n=30)	Czech (n=48)	Hungary (n=20)
Working hours / working hour system adjustments	27%	8%	10%
Termination of employment contracts – redundancies	13%	19%	25%
Employing new workers	20%	38%	55%
Workers left the company on their own – found new employment	3%	8%	5%
Retirement of workers	40%	21%	20%
Not prolonging / renewing fixed time employments	17%	19%	10%
By canceling / reducing the number of agency workers	10%	10%	5%
By increasing the number of agency workers	10%	2%	10%
Training and education of workers	60%	52%	45%
Introducing new technologies	57%	46%	25%
Redeploying workers to other departments	30%	33%	5%
Introducing part-time work and other flexible systems of employment	7%	8%	15%

Picture 14. 3: Restructuring measures in the near future - What measures were taken due to restructuring? - % of companies that took certain measure, by country



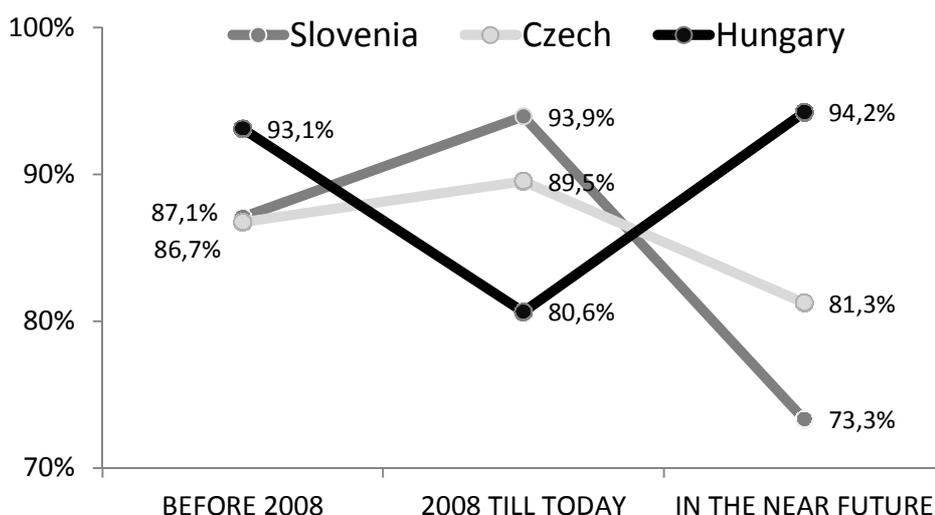
Picture 15: Average of number of measures taken due to restructuring, by countries and time period (n=332)

Picture above represents average number of measures taken due to restructuring. The highest averages are in time period of 2008 till today. The trend can be explained by the fact that companies approached to restructuring in several steps, and also several measures have been taken. Most of the measures aimed at reducing the number of employees, however reduction by introducing

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different concrete measures and by combining different measures. Further research of the issue pointed out will be discussed when interviewing the companies, though the sample will not be identical, nor representative one.

Pointing out the changes in number of employees, the picture below represents the share (%) of companies that carried out or plan to carry out activities related to number of employees (“employee increase/decrease”). There are some relevant differences between companies in various participating countries. Hungarian companies that went through the process of organizational restructuring before 2008 have taken larger number of changes related to the number of employees, compared to the period “2008 till today”. Same trend can be seen for the near future as well. Trend in Slovenia and Czech Republic is similar and according to expectations – more companies needed to change the number of employees in “2008 till today” period and are planning less changes in number of employees in “near future” (Picture 16).



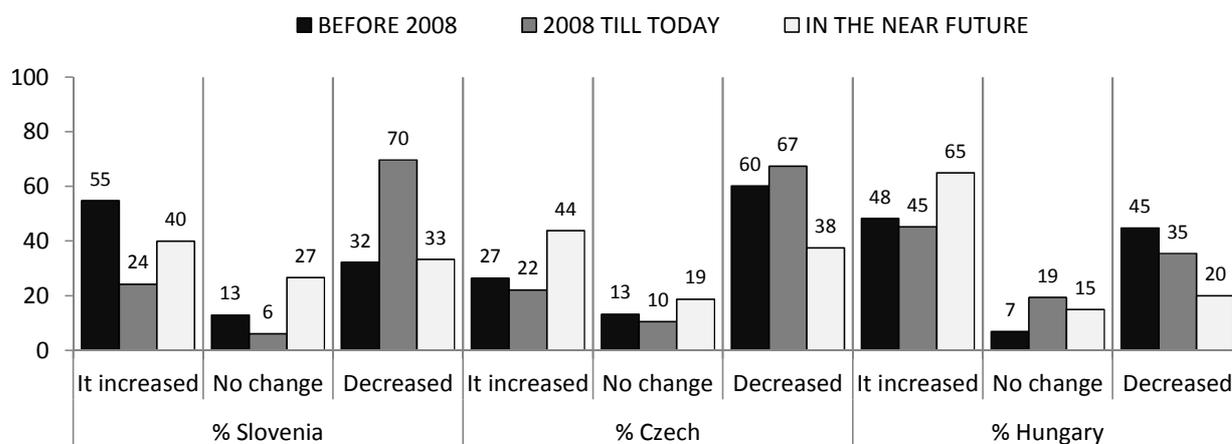
Picture 16: Changes in number of employees - Did the number of employees change due restructuring/ Is it foreseen that the number of employees will change due to restructuring? - % of companies that have changed number of employees, by countries and time period (n=332)

In the graph below (Picture 17), the trend regarding the number of employees is explained by share (%) of companies that increased, decreased or kept unchanged as regards the number of employees. There is large share of the companies In Slovenia and in Czech Republic that decreased the number

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of employees in period “2008 till today” (about 2/3). The trend in Hungary is different: in period “2008 till today” only 35% of the companies decreased the number of employees.

Slovenian companies that have restructured in period “before 2008” have increased the number of employees most significantly, but at the same time, the percentage of companies that decreased the number of employees was the highest in the Czech Republic.



Picture 17: Changes in the number of employees - % of companies that increased / decreased number of employees regarding time period by countries (total n=332; graph is based on the answers of the companies that underwent restructuring, not on the total number of participating companies)

Further on, the changes in the number of employees regarding the period of time and by countries are detailed in lower chart (Picture 18). While the number (n~ 30) of respondents is small, the results have to be interpreted in that regard.

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		% BEFORE 2008 (n=31)	% 2008 TILL TODAY (n=33)	% IN THE NEAR FUTURE (n=30)
Slovenia	It increased by over 10%	22,6	3,0	6,7
	It increased by 5% - 10%	22,6	15,2	3,3
	It increased by 0% - 5%	9,7	6,1	30,0
	No change	12,9	6,1	26,7
	It decreased by 0% - 5%	12,9	18,2	16,7
	It decreased by 5% - 10%	9,7	24,2	10,0
	It decreased by over 10%	9,7	27,3	6,7
Czech	It increased by over 10%	10,8	9,3	14,6
	It increased by 5% - 10%	9,6	5,8	12,5
	It increased by 0% - 5%	6,0	7,0	16,7
	No change	13,3	10,5	18,8
	It decreased by 0% - 5%	15,7	15,1	22,9
	It decreased by 5% - 10%	21,7	22,1	10,4
	It decreased by over 10%	22,9	30,2	4,2
Hungary	It increased by over 10%	27,6	22,6	10,0
	It increased by 5% - 10%	13,8	12,9	15,0
	It increased by 0% - 5%	6,9	9,7	40,0
	No change	6,9	19,4	15,0
	It decreased by 0% - 5%	10,3	22,6	15,0
	It decreased by 5% - 10%	20,7	3,2	5,0
	It decreased by over 10%	13,8	9,7	0,0

Picture 18: Detailed review of changes in the number of employees - % of companies that increased / decreased number of employees regarding time period by countries

Workers' representatives

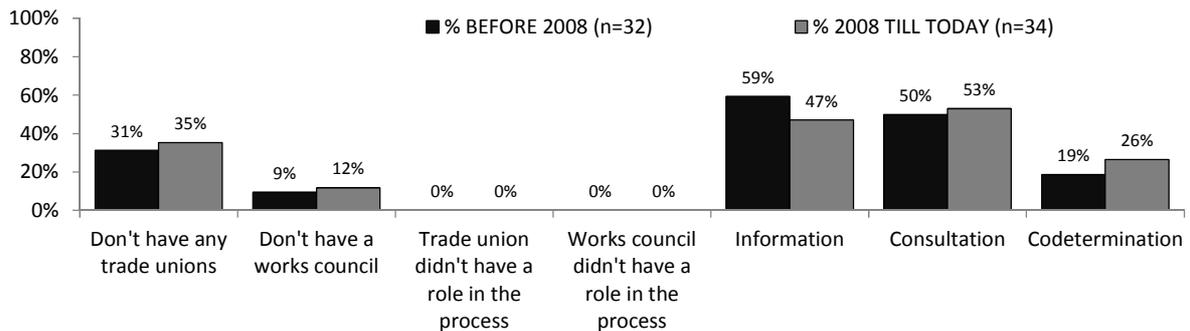
The role of workers representative in Slovenia in the period “before 2008” was higher, compared to other periods – 59%, but only according to the incidence of participation, however the participation was mostly limited to providing information and only secondly to consultation processes. The role of workers' representatives in that period was mainly informative whereas in period “2008 till present” incidence of “consultation” and “co-determination” visibly increases. It is to believe that the role of the workers' representatives changed due greater extent of changes in the company and due to the intensity of the measures/actions taken. Some of the changes in the companies / measures (to be) taken require the employer to consult or even seek consent of workers' representatives, e.g. termination of larger number of employment contracts, outsourcing, transfer of undertakings, internal restructuring...

Second period of time (2008 till now) shows a slight decline of informative role of workers' representatives – only 47%, compared to 59% in period “until 2008”. Meantime consulting role of workers' representative increases and in the near future and further growing of the trend in regard is expected. In the period “2008 till today” codetermination had more relevant role, compared to the “near future” period, which can be explained by the fact, that most of the restructuring and most of the most intense restructuring was already carried out or is being carried out in present time (compared to the “near future period”).

What can also be seen from the graph (Picture 19) is the decrease of companies where workers' representatives' organizations / or works councils are established. Number of companies where trade unions are established decreased significantly (by 4%), whereas the number of companies where works councils are established decreased by 3%. Similar trend can also be observed in Czech Republic, whereas in Hungary the trend is exactly opposite. *The probable reason for the trend in Hungary is the new Labour code. It gives less information and consultation rights (including restructuring related issues) for trade unions in the advance of works council. At the same time works councils influence is increasing, due to the fact that they will have the right to give consent on working conditions with the employers, if there are no entitled trade unions in the company. In other words: employers will be able to agree on flexible working conditions more easily with works councils, than with trade unions. At the same time I must tell, that WsC's co-determination right do not apply for restructuring issues.*

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What is also important is the fact that according to the survey, workers' representatives *always* have some kind of role (at least informative role) in the process of managing changes in the company. None of the participating companies reported complete exclusion of workers' representatives in the process of managing changes.

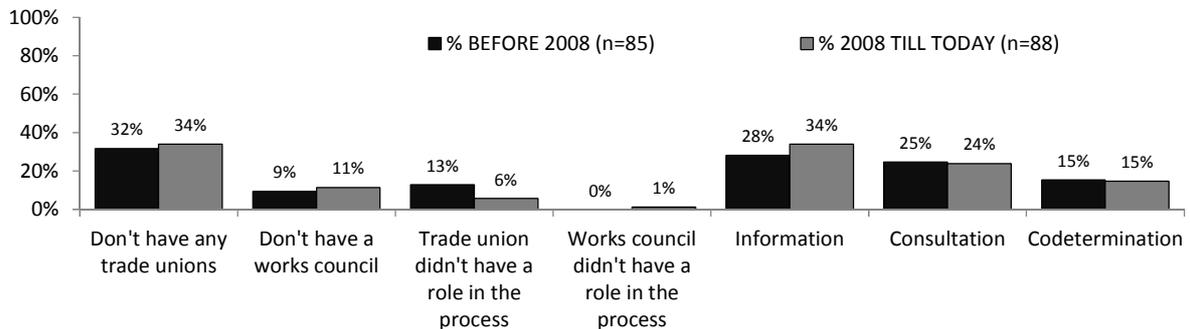


Picture 19: Slovenia - Workers' representative role - What was the role and level of participation of the workers' representatives (trade unions / works councils) in restructuring process? - % companies that have chosen the certain answer, Slovenia

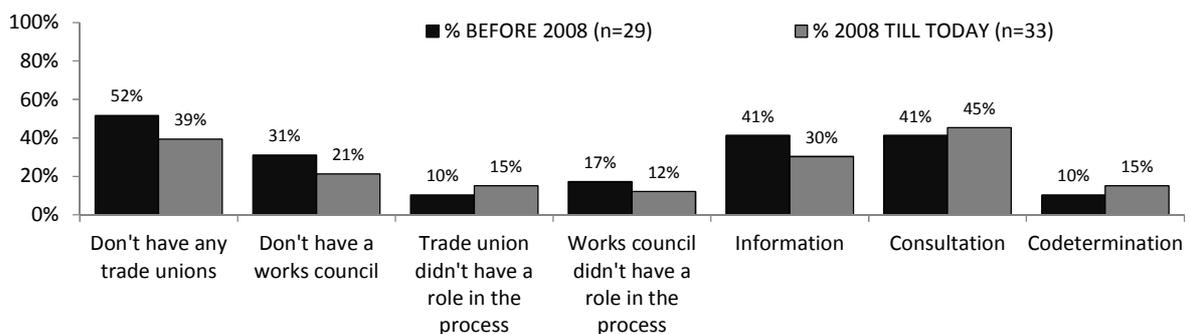
Around 40-45 % of companies in the sample did not have any trade unions or works councils established. Where established, their role in the process was mostly to provide information or to consult.

Situation in the Czech Republic is a little bit different, compared to Slovenia. According to the survey, while there were some companies where trade unions (or works councils) did not take an active part in the restructuring process, or even did not have a role – those were mainly private-owned and “smaller” companies. One of the possible explanations may be that the aim of a restructuring process was to survive. The companies had to increase labor productivity to be competitive and to survive. The approach of implementing the change strategy is the issue and responsibility of an owner. There was no other option for these kind of companies and trade unions had to accept it if they wanted to keep at least some jobs, not to lose all of them. In Hungary, works councils' right to co-determination does not apply for restructuring issues. However, works councils have more significant role in restructuring process compared to trade unions, and in addition; its role is increasing with introduction of new labor code. Unionization rate is highest in manufacturing sector, but relatively low in comparison to other countries. It needs to be emphasized that service and agriculture are traditionally poorly unionized in Hungary.

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Picture 20: Workers' representative role - What was the role and level of participation of the workers' representatives (trade unions / works councils) in restructuring process? - % companies that have chosen the certain answer, Czech Republic



Picture 21: Workers' representative role - What was/is going to be the role and level of participation of the workers' representatives (trade unions / works councils) in restructuring process? - % companies that have chosen the certain answer, Hungary

Previous graphs (Picture 19 – 21) referred to the intensity of the participation of workers, whereas the next graph (Picture 22) provides respondents' (companies' representatives) estimation of role of workers' representatives. Respondents were able to estimate workers' representative role on scale 1-5, where 1 means "very adverse role", 3 "neutral role" and 5 "very constructive role". Slovenian respondents see workers' representatives' as an important and constructive, especially compared to other two participating countries. The constructiveness of workers' role in Slovenia significantly improved in 2008 and later. The reason for the trend could be a changed role of workers' representatives since their role in the certain restructuring procedures is increased by national collective labor law legal provisions. In period "before 2008" Hungarian companies estimate workers' representatives' role below average, taking into consideration responses from Czech Republic and

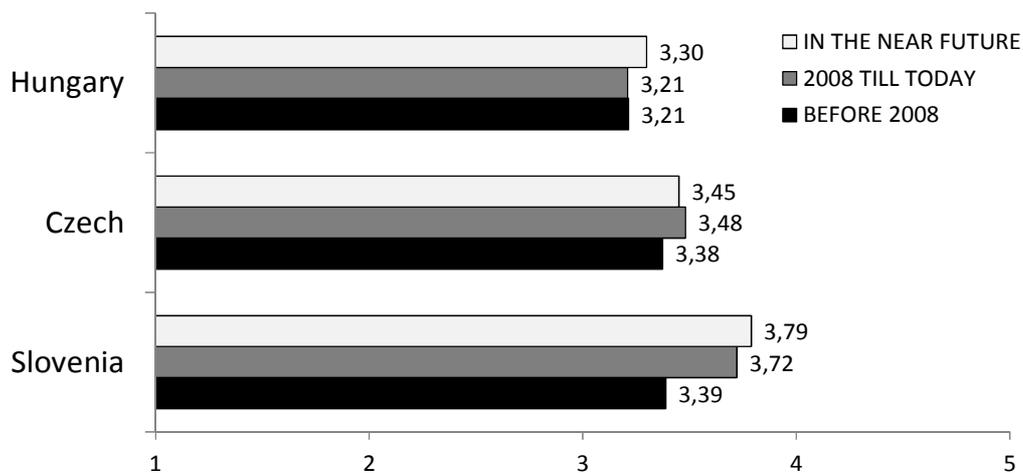
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Slovenia. Average response for period “2008 till today” is 3.47. In that period Czech respondents are close to the overall average but Slovenian respondents stand above average.

The trend of how employers see the role of workers’ representatives in Slovenia is rather positive. It can be interpreted within the changed role of the workers’ representatives in the processes of restructuring. The role of workers’ representatives changed in restructuring process from mostly informative in the first period to mostly consultation. It needs to be added that their role exceeds solely consulting, since some measures require the consent of workers’ representatives. It may be concluded that the measures taken in restructuring process not only strengthened the cooperation of employers and workers’ representatives, but also increased the level of trust between those two actors. Such interpretation can also explain the trend for the future, although it has to be emphasized that the trend is only an estimation of future development of the issue in regard, not actual record of actual situation.

Although the results for Czech Republic are close to the average (“neutral”) value (and therefore strong conclusions cannot be drawn) we can see that the average estimation is a little bit more positive than “neutral”. It is not different from other countries’ results and it shows that, finally, the trade unions were able to find a compromise and accept the need of restructuring; especially after 2008 when the overall economic situation and rising unemployment increased the need of restructuring (It might explain the slightly higher number after 2008). In general, the key creative, strategic and decisive role is still on a company’s management. But again, these results are not statistically significant and do not enable us to draw a definitive conclusion.

Comparative report – web survey: Slovenia, Hungary, Czech Republic



Picture 22: Average estimation of workers' representative role - How do you estimate the role of the workers' representatives in restructuring process?, by countries and by time period

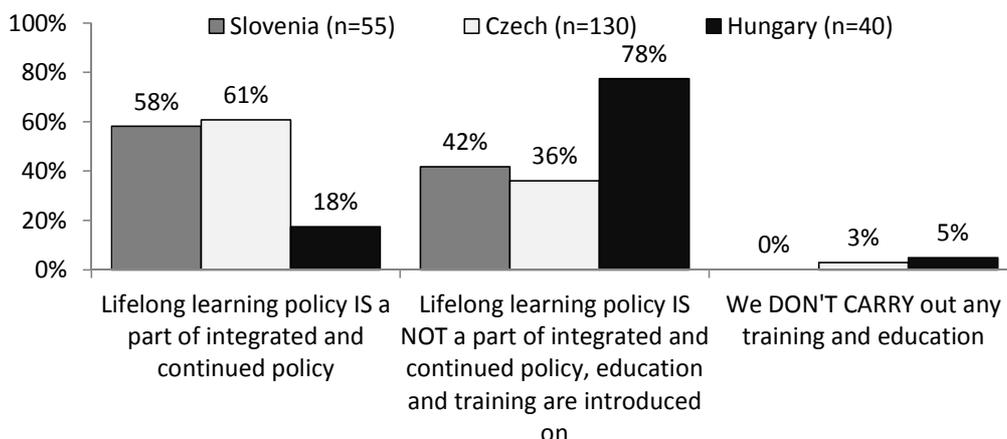
Education

Set of questions regarding the education was set for all respondents, irrespective of the fact the company did or did not go through relevant organizational restructuring. Most of the results are represented in double perspective – comparison of the countries or period time when changes appear.

Special attention needs to be taken when interpreting graphs containing different periods of restructuring. It needs to be emphasized that the periods are not the actual periods that education policy refers to (questions on the education policy in certain period and about financial assets available). Presented results represent the education policies of the companies, divided into clusters in accordance to the period in which they have restructured / intend to restructure: First group: Companies that did not go through restructuring at all (in relevant time period); Second group: Companies that have not restructured recently; Third group: Companies that have significantly restructured “before 2008”; Fourth group: Companies that restructured in “2008 or later” period including the companies who intend to restructure in near future. The answers do not refer to education policies in certain period, as defined in previous questions, but refer to the time of period when restructuring of the company was carried out, or is being planned for the future.

Lifelong learning policy is part of 58% of Slovenian, 61% Czech companies but only 18% of Hungarian companies. The result shows very different approaches to integrated educational policies in all three participating countries. It seems that Hungarian companies still have a long way (by comparison to Slovene and Czech companies) to the integration of educational policies as a part of integral companies’ policies. What is still somehow reassuring is the fact that Hungarian companies nevertheless invest in education of employees, although the lifelong policies are not integral and continued part of policies of the company. The percentage of companies that do not carry out any training and education activities is relatively low. 5% in Hungary and 3% in Czech Republic, whereas examples of companies who do not carry out any training or education activities in Slovenia is not recorded (Picture 23).

Comparative report – web survey: Slovenia, Hungary, Czech Republic

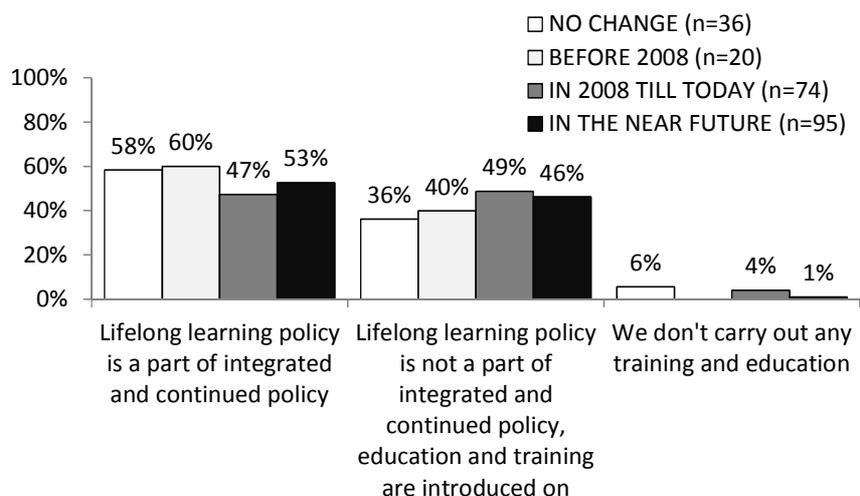


Picture 23: Lifelong learning policy - Do you have a lifelong learning policy in your company as an integral policy? - % companies that have chosen the certain answer by countries

In interpreting the picture below (Picture 24), it is noted that there is no period in which the company had less / more developed politics lifelong learning policy. Picture shows that companies, which have not restructured recently, developed long-term education policy in 58% of the cases, whereas 36% of such companies developed lifelong learning policy outside of an integrated education and training policy approach. Companies that have restructured in period “before 2008” have developed lifelong learning policy in greatest extent (60%), whereas those companies that have restructured in period “since 2008 to the date” only have lifelong learning policy as a part of integrated and continued policy in 47% of case.

All the following graphical displays in this section deal with time period as previously defined, as regards the time period of restructuring of the company and not actual situation in particular period. Therefore all the graphics should be read and interpreted in that manner.

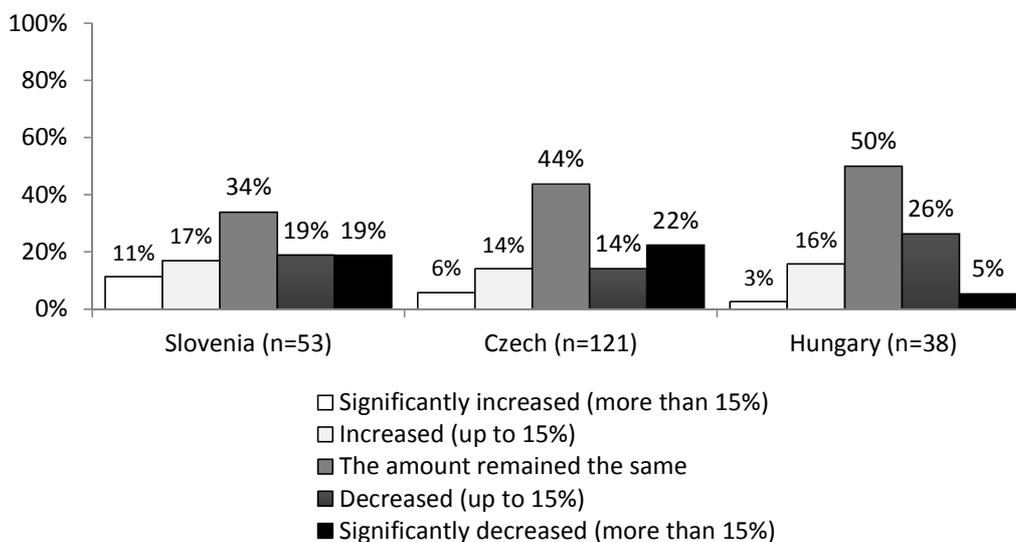
Comparative report – web survey: Slovenia, Hungary, Czech Republic



Picture 24: Lifelong learning policy - Do you have a lifelong learning policy in your company as an integral policy? - % companies that have chosen the certain answer by time period of restructuring

The information on the change in financing education is also interesting. Even though Hungarian companies do have lifelong learning policy integrated in continued company's policy they intend to preserve the same amount of financial resources for training and education of employees. Slovenian companies, even though they forefront in the percentage of companies that have lifelong learning policy integrated in continued company's policy; anticipate a reduction (38% of the companies that decreased the resources) of financial resources for education and training. 36 % of companies in the Czech Republic (in the sample) decreased the amount of financial resources for education and training due to the crisis in 2008.

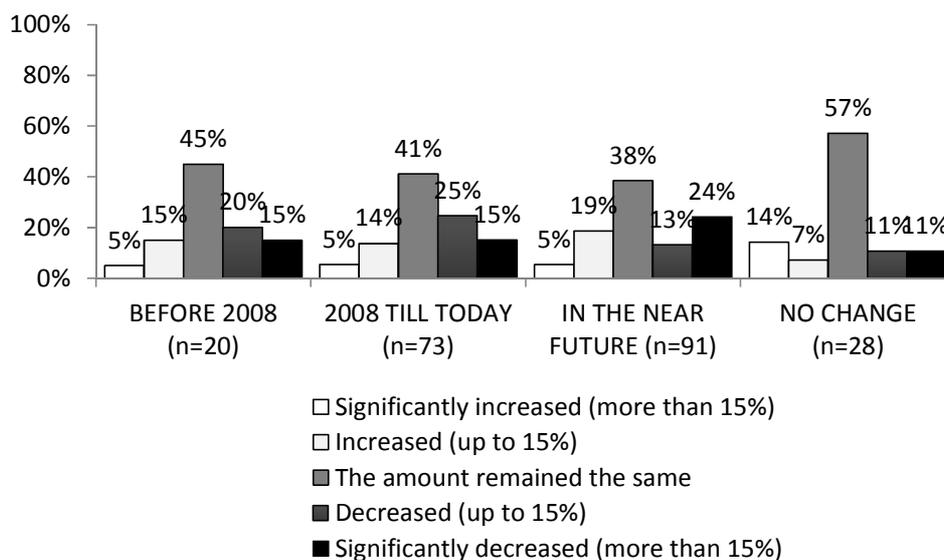
Comparative report – web survey: Slovenia, Hungary, Czech Republic



Picture 25: Change in financing education - Did you change the amount of financial resources for education and training % of companies that have chosen the certain answer, by countries

The picture below represents the same variable but in frame of reference regarding time periods, when companies underwent significant organizational changes. Companies that did not have any organizational restructuring changes have the highest share (57%) of “no changes in financing the education” category. Those are often companies with good economic performance. Companies that restructured between 2008-till today and companies that expect future changes expect highest decreased education financial resources the most, which is consistent with the fact that these companies had or have problems which need to be solved by restructuring and their economic results do not allow to finance education in a amount comparable to the companies who had restructured or who do not have to restructure in the future. (see picture 14)

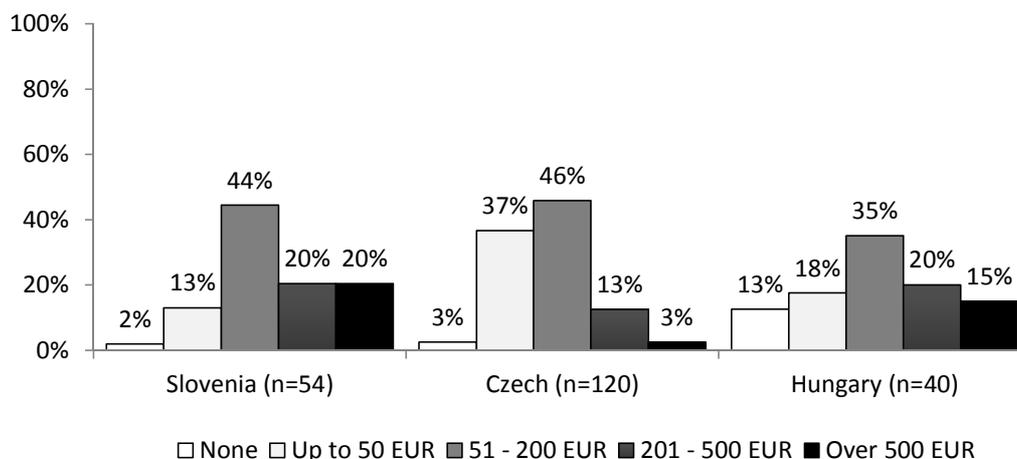
Comparative report – web survey: Slovenia, Hungary, Czech Republic



Picture 26: Change in financing education - Did you change the amount of financial resources for education and training - % of companies that have chosen the certain answer by time period of restructuring

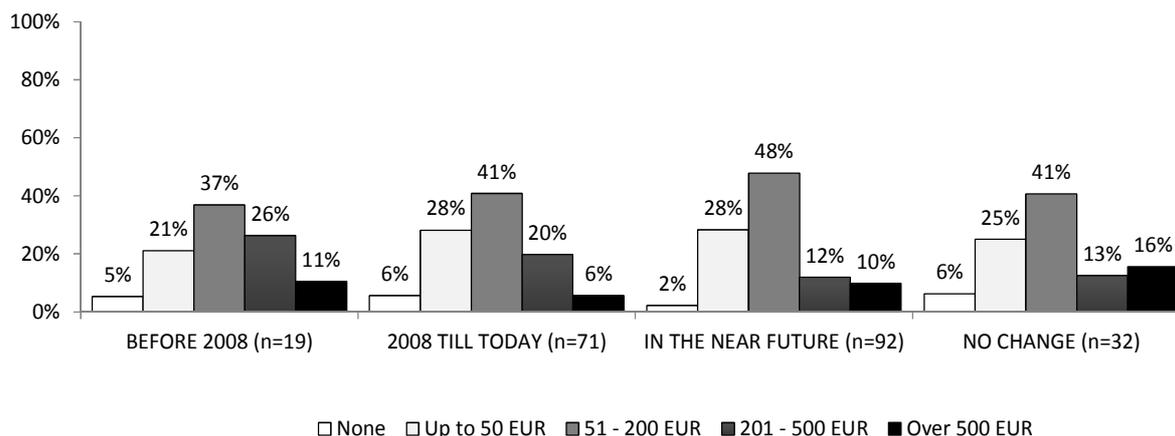
Regarding the budget for education, in Czech Republic the majority of the companies reports budget from 50-200€ per employee, while in Slovenia there is the highest share of “200-over” and “over 500€” budget per employee, although the dynamic of this share of the companies with the highest share of “200 – 500” and “500+” budget cannot be deducted from the graph (Picture 27). Hungary, on the other hand, rather has even distribution in each budget class, but highest share of “none” answer, which is consistent with the fact that 5% of Hungarian companies do not carry out any education and training activities (see Picture 23).

Comparative report – web survey: Slovenia, Hungary, Czech Republic



Picture 27: Educational budget - Please estimate the average amount of financial resources for education and training per employee in 2011? - % of companies that have chosen the certain answer by countries

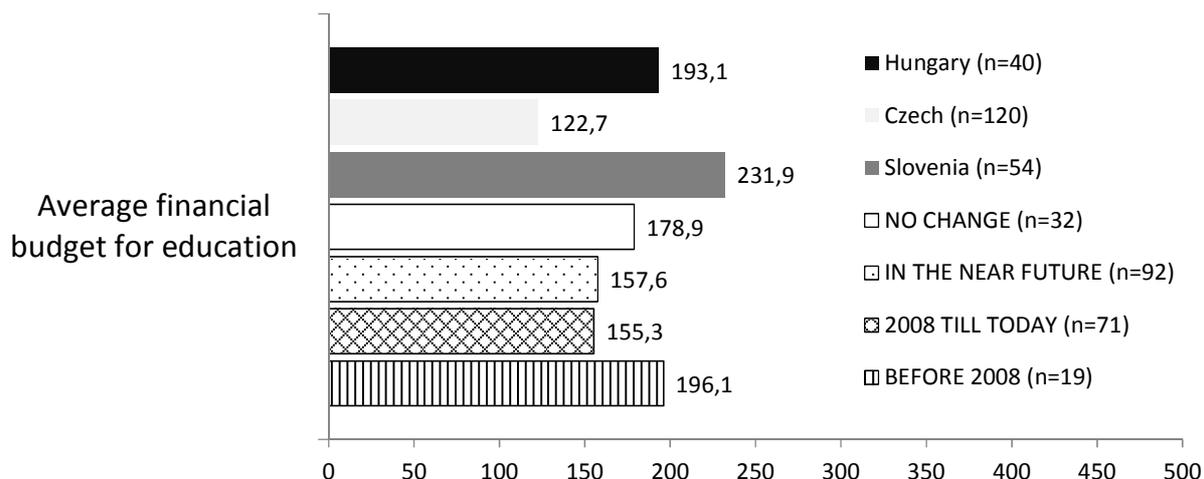
Picture below shows difference among companies regarding the time period in which the changes were carried out. Companies that didn't undergo any significant restructuring have the highest share of "highest education" budget. Companies that restructured in "before 2008" period have evenly distributed budget, with 11% of highest (over 500€) and 26% 201-500€ budget. However, the companies that underwent changes in "2008 till today" period have less financial assets in "higher budget" distribution and more in "lower budget".



Picture 28: Educational budget - Please estimate the average amount of financial resources for education and training per employee in 2011? - % of companies that have chosen the certain answer by time period

Comparative report – web survey: Slovenia, Hungary, Czech Republic

Recoding values with key NONE=0, Up to 50€=25€, 51-200€=125, 201-500€=350 and over 500€=500, on the picture below (Picture 29) represent the average amount of education budget. Results should be read with caution, since they are shown as “generalized account” which makes available guidance in making comparisons. Results should be viewed and interpreted in relative rather than absolute terms, for orientation, as a comparison rather than the real sum or average budget.



Picture 29: Educational budget - Please estimate the average amount of financial resources for education and training per employee in 2011?. Values recoded NONE=0, Up to 50€=25€, 51-200€=125, 201-500€=350 and over 500€=500.

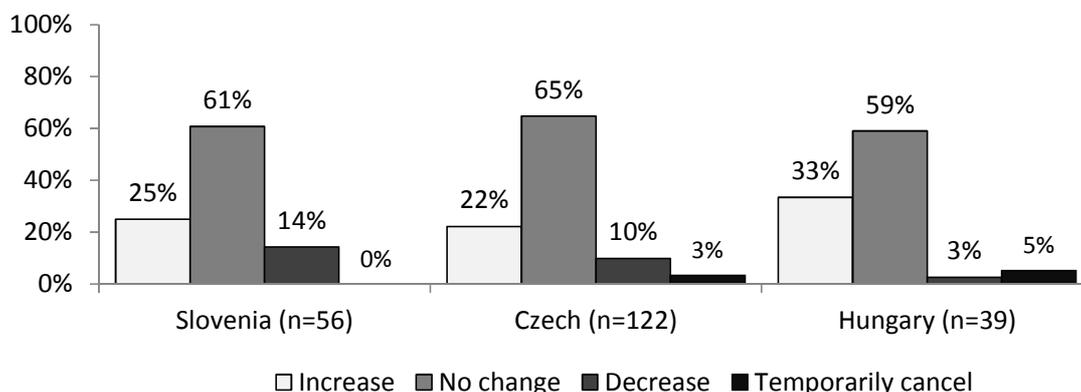
Picture below represents answers to the question “Are you planning to increase the amount of financial resources for training and education in 2012?” Considering the change from 2011 to 2012, approximately 2/3 of the companies do not plan to change the amount of financial resources for training and education. The percentage of the companies which will maintain the same or similar amount of financial resources for education and training is similar throughout all three participating countries, with Czech Republic slightly exceeding the average. What is interesting is the fact that slight increase (by up to 10%) of amount of financial resources for education and training is more common than decrease. What needs to be addressed is also the fact that Hungarian companies record the highest percentage of companies that will increase the amount of financial resources for education and training in 2012 by more than 50% (as much as 23,1% of the companies), but on the other hand Hungarian companies also record the highest percentage of the companies that are going to cancel (although temporarily) education and all training activities (as much as 5,1% of the companies).

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	Slovenia (n=56)	Czech (n=122)	Hungary (n=39)
Increase, by at least +50%		1,6%	23,1%
Increase, by at least +25%	3,6%	4,1%	2,6%
Increase, by at least +10%	21,4%	16,4%	7,7%
No change	60,7%	64,8%	59,0%
Decrease, by at least -10%	8,9%	4,9%	0,0%
Decrease, by at least -25%	1,8%	0,8%	2,6%
Decrease, by at least -50%	3,6%	4,1%	0,0%
We are going to temporarily cancel education and training	0,0%	3,3%	5,1%

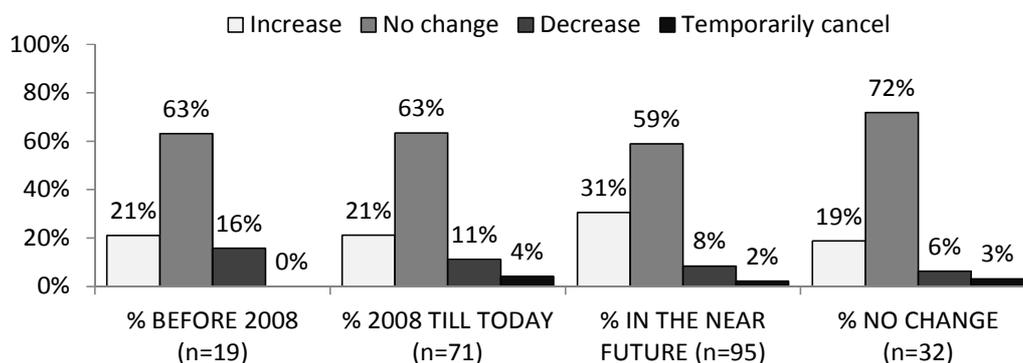
Picture 30: Future educational resources planning - Are you planning to increase the amount of financial resources for training and education in 2012? - % of companies that have chosen the certain answer by countries

Reducing the categories of possible answers above in four groups only is presented in the picture below. Czech companies claimed the highest share of not changing educational resources, while Hungary has the highest share of the companies increasing the budget for education and Slovenia has the highest share of companies that have plans to decrease but not cancel the amount of financial resources for education and training. There are 3% (in Czech) and 5% (in Hungary) of the companies that plan to temporarily cancel the educational resources.



Picture 31: Future educational resources planning - Are you planning to increase the amount of financial resources for training and education in 2012? - % of companies that have chosen the certain answer by countries

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Picture 32: Future educational resources planning - Are you planning to increase the amount of financial resources for training and education in 2012? - % of companies that have chosen the certain answer by time period when company adopt changes, all countries

Most frequently reported reason for education and training in Slovenia and Hungary is “the need to upgrade workers’ existing knowledge and skills in order to enhance the work process/workplaces”. 77% of the companies in Slovenia and 62% of the Hungarian companies opted for this option, whereas the trend in Czech Republic is exactly the opposite: In Czech Republic only 13% of the companies claim the “need to upgrade workers’ existing knowledge and skills in order to enhance the work process/workplaces” as main reason for education and training activities. Most commonly chosen options in Czech Republic are “Upgrade of existing knowledge and skills due to changes of work process / workplaces” (55%) and “Maintenance of knowledge of knowledge and skills that are necessary for work process” (52%).

The least frequently chosen answer in all participating countries is “filling the knowledge/skill gap due to retirement of workers” (11% - 16%).

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	Slovenia (n=56)	Czech (n=128)	Hungary (n=37)
Fill the knowledge/skill gap due to retirement of workers with required skills	13%	16%	11%
Upgrade of existing knowledge and skills due to changes of work process/ workplaces	41%	55%	46%
Upgrade of existing knowledge and skills in order to enhance existing work process/ workplaces	77%	13%	62%
Maintenance of knowledge and skills that are necessary for work process	68%	52%	38%
Deployment of newly employed workers	34%	18%	46%

Picture 33: Reasons for education - What are the main reasons for organizing the training and education? - % of companies that have chosen the certain answer, by countries

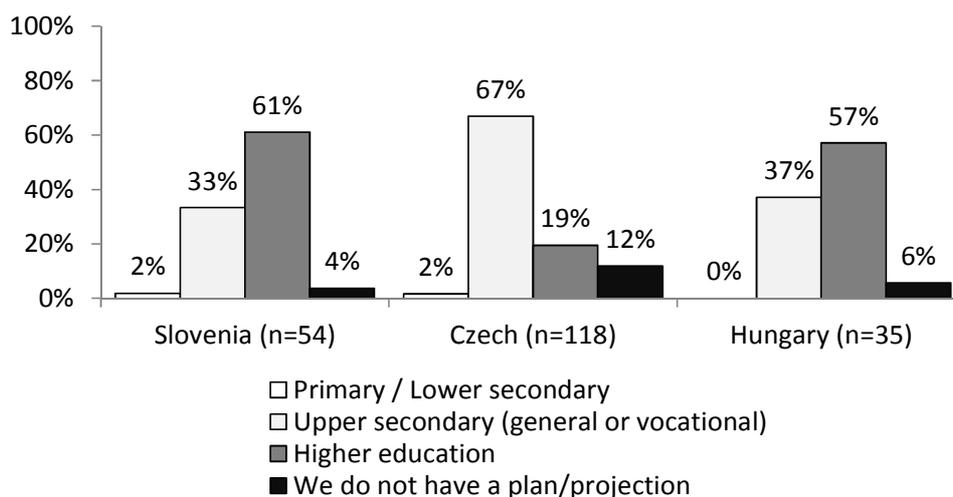
The following chart (Picture 34) includes the same analysis, but through the perspective of different periods of time. The chart does not show actual reasons for training and education in following periods, but it refers to periods of time when the companies restructured / plan to restructure. It can be concluded that the companies which restructured in “before 2008” period state as the most common reason for training and education activities “Maintenance of knowledge and skills that are necessary for work process” and secondly “the need to upgrade workers’ existing knowledge and skills in order to enhance the work process/workplaces”. Compared to the following periods, the occurrence of “upgrade of workers’ existing knowledge and skills in order to enhance the work process/workplaces” responses significantly increases.

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	% BEFORE 2008 (n=20)	% 2008 TILL TODAY (n=71)	% IN THE NEAR FUTURE (n=95)	% NO CHANGE (n=35)
Fill the knowledge/skill gap due to retirement of workers with required skills	20%	13%	16%	11%
Upgrade of existing knowledge and skills due to changes of work process/ workplaces	40%	49%	60%	29%
Upgrade of existing knowledge and skills in order to enhance existing work process/ workplaces	55%	72%	76%	71%
Maintenance of knowledge and skills that are necessary for work process	60%	48%	58%	49%
Deployment of newly employed workers	45%	49%	57%	20%

Picture 34: Reasons for education - What are the main reasons for organizing the training and education? - % of companies that have chosen the certain answer, by time period

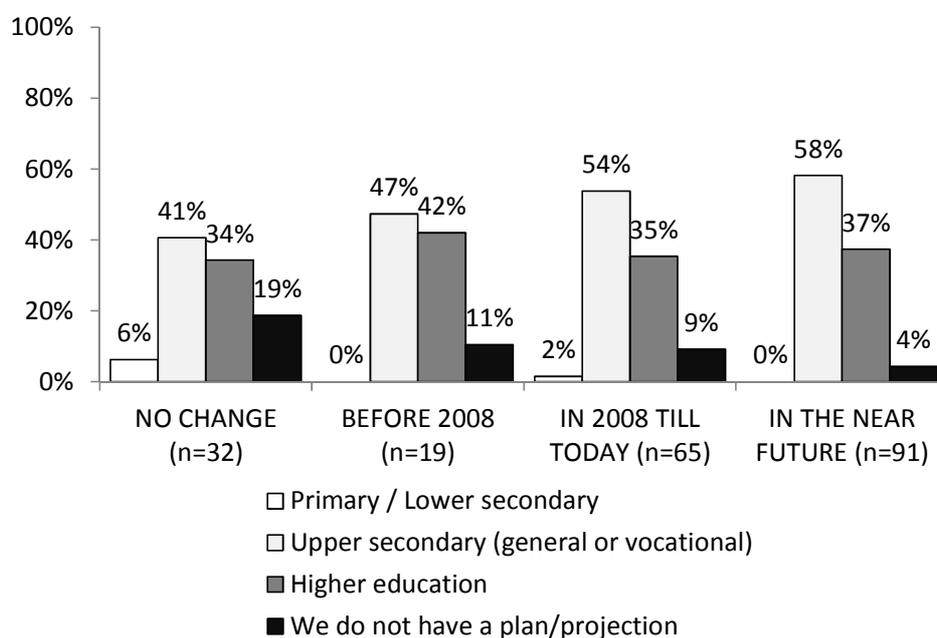
The structure of education level needs differs from one country to another; the highest share of upper secondary (67%) education needs are recorded in the Czech Republic where companies lack qualified technical workers, whereas the highest share (61%) of higher education is recorded in Slovenia. Czech companies have the highest (12%) share of companies that have no plan regarding the future needs.



Picture 35: Education level needs - What level of education will be mainly needed in the future, according to your plans / projections?, by countries

Comparative report – web survey: Slovenia, Hungary, Czech Republic

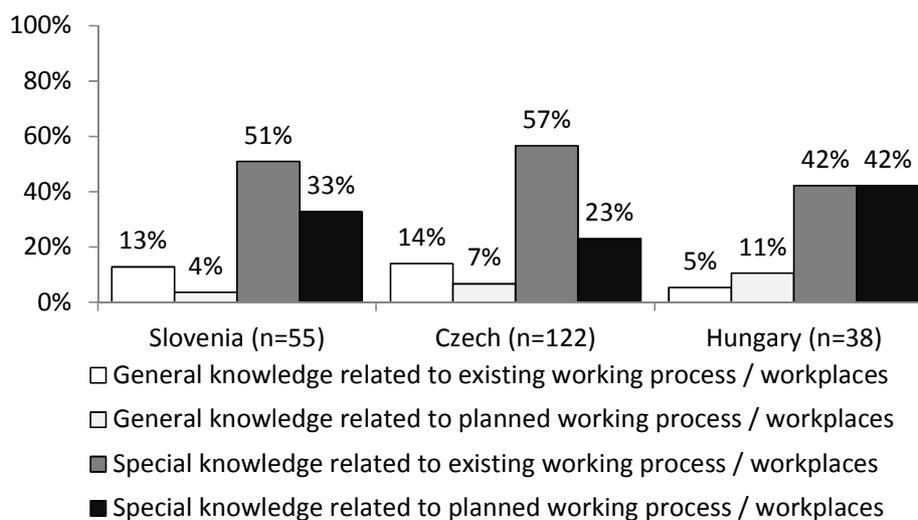
From another viewpoint; the companies that went to organizational changes first (“before 2008” period) have the highest share of “not having plans” (11%) answers, but the highest (19%) among companies that had no organizational changes. Difference between time period “before 2008” and after is in the gap between upper secondary (more in period “2008 till today”) and higher education (more in period “before 2008”). The gap between those two categories is almost 10%, while the companies that restructured in period “before 2008” have more evenly distributed educational level needs.



Picture 36: Education level needs - What level of education will be mainly needed in the future, according to your plans / projections?, by time period of change or restructuring

Slovenia (33%) and Hungary (33%) have highest share of special knowledge related to planned “work process / workplaces” needs. Most knowledge needs are concentrated in special knowledge related to existing working process / workplaces needs.

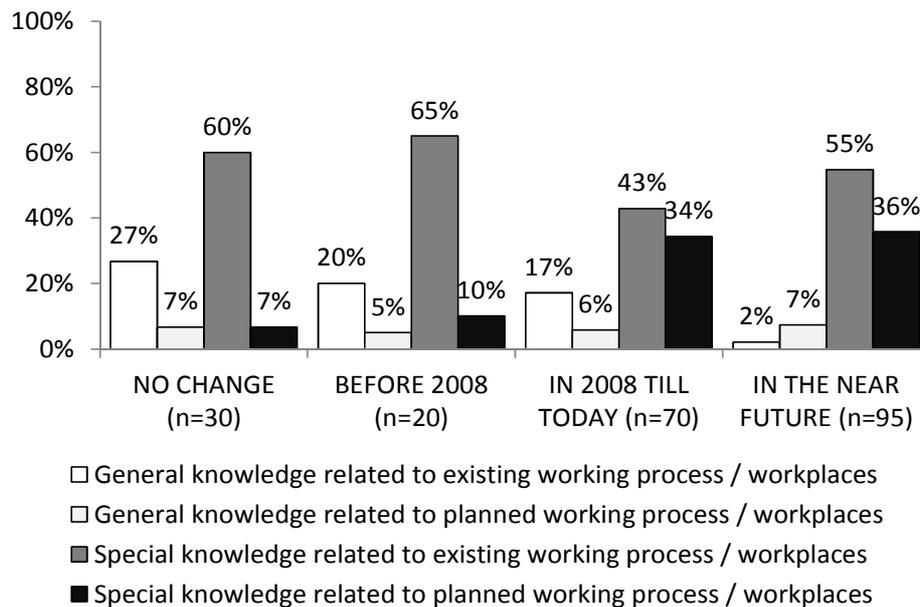
Comparative report – web survey: Slovenia, Hungary, Czech Republic



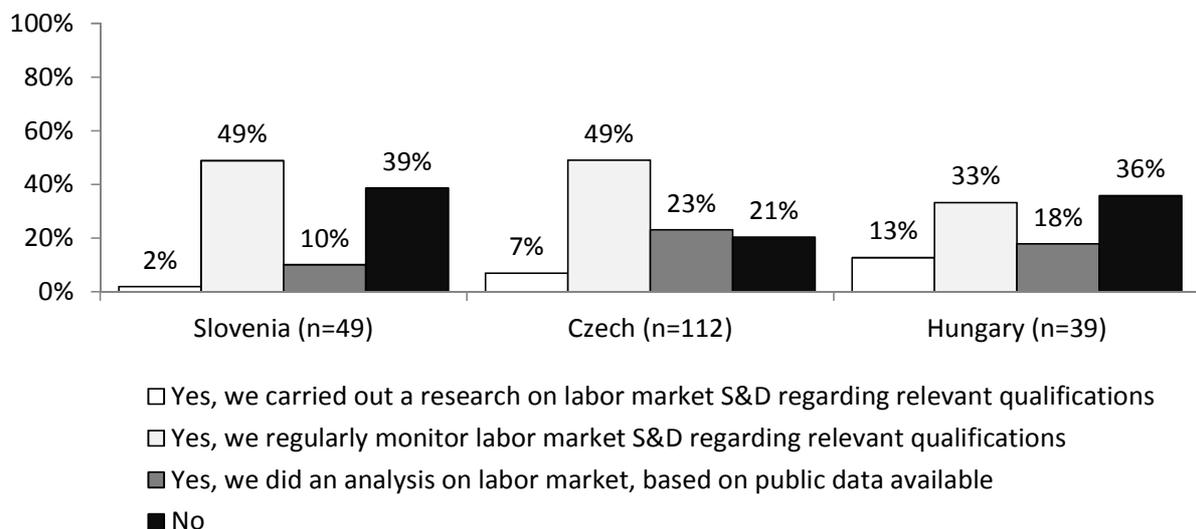
Picture 37: Knowledge needs - What kind of knowledge will be mostly needed in the future, according to your plans and projections? General knowledge: computer skills, communications skills, languages... knowledge that is not directly related to specifics of the work of individual worker. Special knowledge: specific knowledge related to the specifics of the work of individual worker/ group of workers, by countries

According to the time period, the following picture (Picture 38) represents the share of knowledge needs, whereas the companies are divided in accordance to the period of time of restructuring. Periods of time “no change” and “before 2008” have similar distribution of answers. Share of “special knowledge related to existing working process / workplaces needs” is relatively high – 60% and 65% respectively. In later periods (“in 2008 until today” and “in near future”) share of answers “special knowledge related to existing working process / workplaces needs” significantly declines (to 43% and 55% respectively), whereas share of “special knowledge related to planned working process / workplaces needs” increases significantly – 34% and 36% respectively. The results show that the companies have plans for the future that includes new approaches to enhancing competitiveness; introducing new technologies and entering new markets (see Picture 12).

Comparative report – web survey: Slovenia, Hungary, Czech Republic



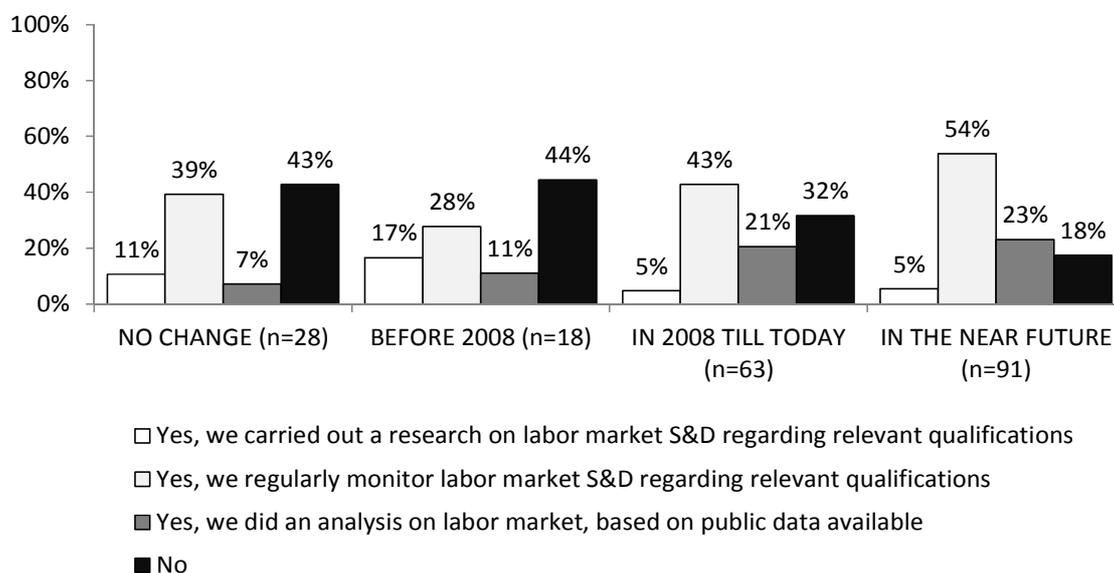
Picture 38: Knowledge needs - What kind of knowledge will be mostly needed in the future, according to your plans and projections? General knowledge: computer skills, communications skills, languages... knowledge that is not directly related to specifics of the work of individual worker. Special knowledge: specific knowledge related to the specifics of the work of individual worker/ group of workers, by time period of change



Picture 39: Future skills awareness - Are you aware of supply and demand (S&D) of workers with required skills and knowledge for future needs?, by countries

Comparative report – web survey: Slovenia, Hungary, Czech Republic

Slovenian companies record the highest share (39%) of the companies that have no awareness of future skill needs, which is somehow inconsistent with the fact that Slovenian companies recorded the highest share in bracket “enhancing the competitiveness” in “reasons for change in near future” section (see Picture 12.3). 13% of Hungarian companies (highest share in the section) claim that they “carried out a research on labor market S&D regarding relevant qualifications”; only 7% in of Czech companies and only 2% Slovenian companies have carried out such research on labor market S&D regarding relevant qualifications. In most of the cases, the companies “regularly monitor labor market S&D regarding relevant qualifications” - same (49%) share in Slovenia and Czech Republic, whereas Hungarian companies use other methods for getting acquainted with the relevant labor market S&D. Public data based analysis are most common in Czech Republic (23%), while relatively low in Slovenia (only 10%). What can be seen as concerning is the fact that relatively high percentage of the companies does not follow relevant labor market S&D (Slovenia 39% and Hungary 36%). In case of Slovenia, the result in regard is somehow consistent with the fact that “skills awareness” for the period near future is concerning low (see Picture 39)



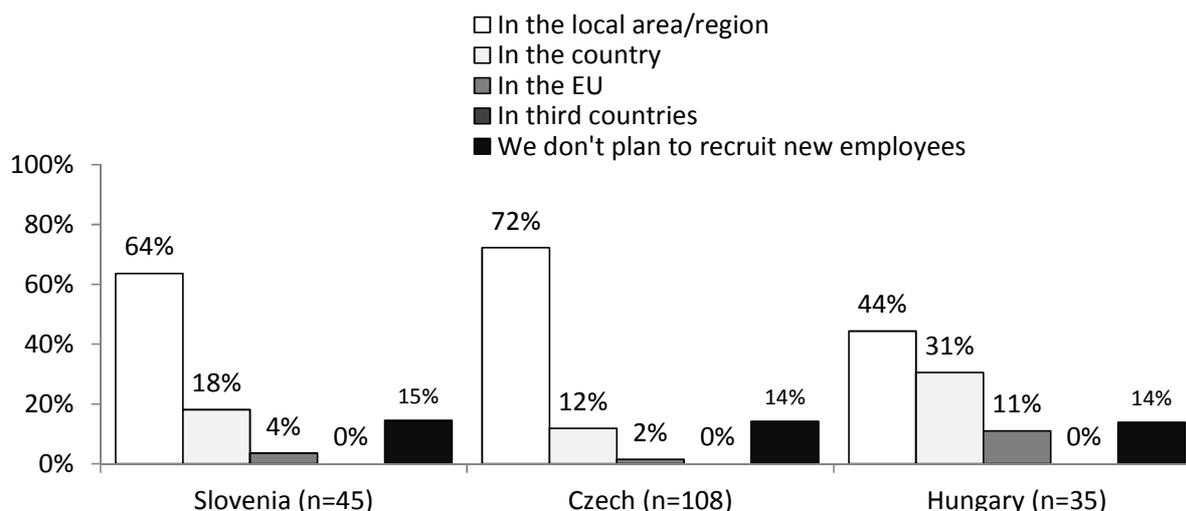
Picture 40: Future skills awareness - Are you aware of supply and demand (S&D) of workers with required skills and knowledge for future needs?, by time period of changes

The other hand, according the time period, companies that plan the changes in near future are more prone to regularly monitoring labor market. Monitoring of labor market constantly increases during time periods, from 28% within companies that have changed “before 2008” period, to 43% in “2008

Comparative report – web survey: Slovenia, Hungary, Czech Republic

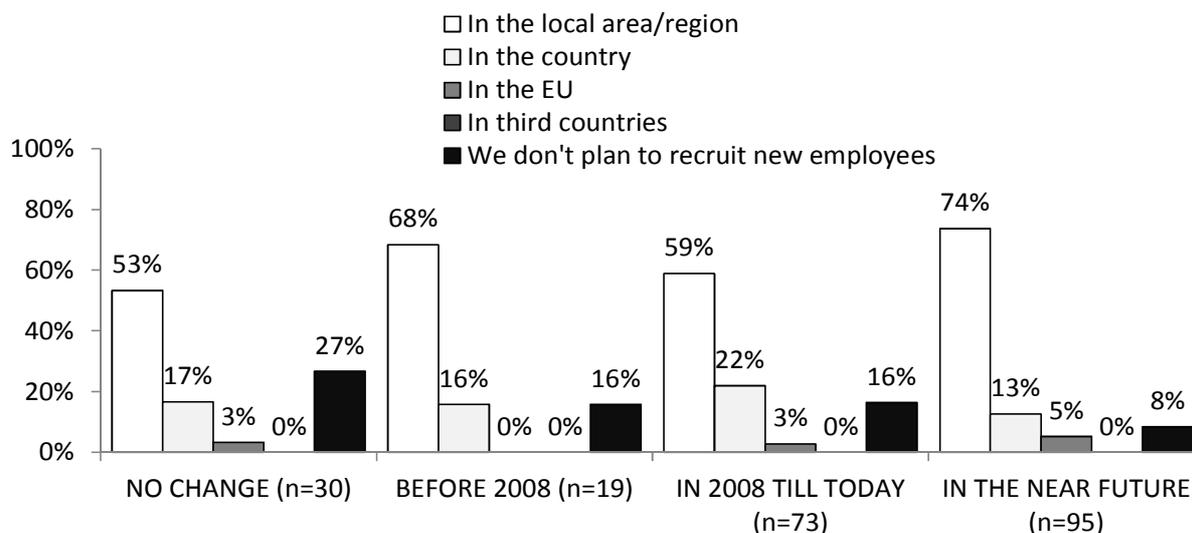
till today” period and to 54% in the companies that plan to take organizational changes in “near future” period. However more thorough approach “companies’ individual analysis of the labor market S&D” decreases through time period. Companies seem to rely more and more on public data available, slowly but consistently.

According to the information on the S&D on the relevant labor market, companies intend to recruit new employees with necessary knowledge in different ways. Most common answer to the question on recruiting new workers (in countries overall) is the local area/region. Hungary is more country-wide oriented (31%), but whereas Slovenia (18%) and Czech Republic (12%) are less country-wide oriented. When recruiting, Hungarian companies are oriented to finding new employees in EU in greatest extent, compared to companies in other two participating countries. The trend can be explained by the fact that Hungarian companies tend not to follow S&D on the relevant labor market as intensely as other two countries, participating in the research (Picture 39). Therefore it can be deduced that Hungarian companies have to get engaged wider (nationwide) search of new properly qualified workers. Recruiting new employees from the third countries has 0% share in all participating countries, which is interesting and could be a consequence of current economical downturn. At least Slovenian companies recruited many workers from the third world countries in period “before 2008”, especially in metalworking and construction industry, due to lack of properly skilled workers.



Picture 41: If you recruit new employees with the necessary knowledge, where do you intend to search for them mostly?, by countries

Comparative report – web survey: Slovenia, Hungary, Czech Republic

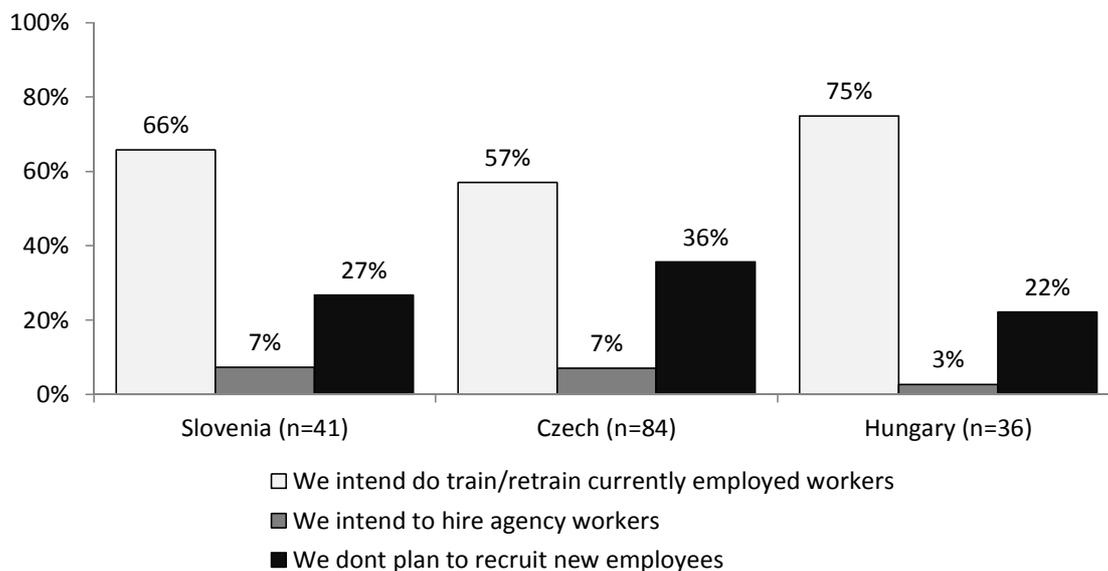


Picture 42: If you recruit new employees with the necessary knowledge, where do you intend to search for them mostly?, by time period of change or restructuring

It seems the companies in general in all participating countries plan on developing knowledge and skills of current employees providing them with proper education and training. It can also be concluded that companies are somehow over-staffed, but expect improvement of the situation. Therefore it is anticipated to prepare their employees for future process requirements. It has to be noted that Employers in Slovenia have legal obligation to retrain employees or provide them with additional training in order to avoid layoffs due to business reasons. Companies in Slovenia are intending to retrain currently employed workers in 66% of the cases, while in Hungary the share of companies intending to retrain currently employed workers is even higher - 75% of all participating companies. It may be interpreted that one of the key reasons for relatively high level of internal retraining in Hungary could be relatively high discrepancy between available VET programs and actual requirements of the working process.

The highest share of the companies which do not plan to recruit new employees is recorded in Czech Republic, where companies are trying to keep their qualified workers and many of them have still some room for increasing the labor productivity by reducing the number of employees. Nevertheless, there are still 64 % respondents who plan to recruit new employees (Czech Republic – 36%).

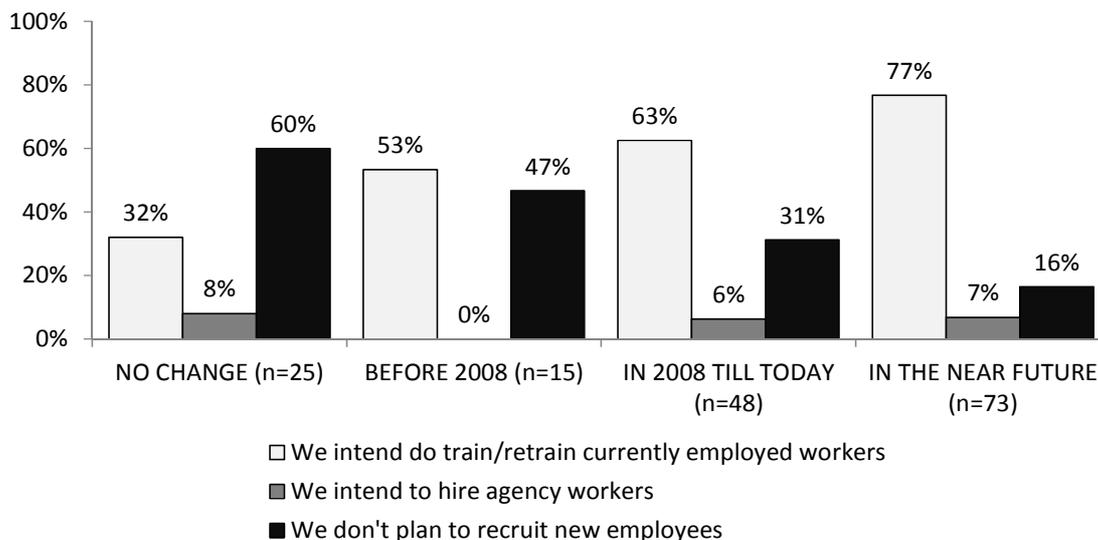
Comparative report – web survey: Slovenia, Hungary, Czech Republic



Picture 43: If you recruit new employees with the necessary knowledge, how do you intend to search for them mostly? by countries

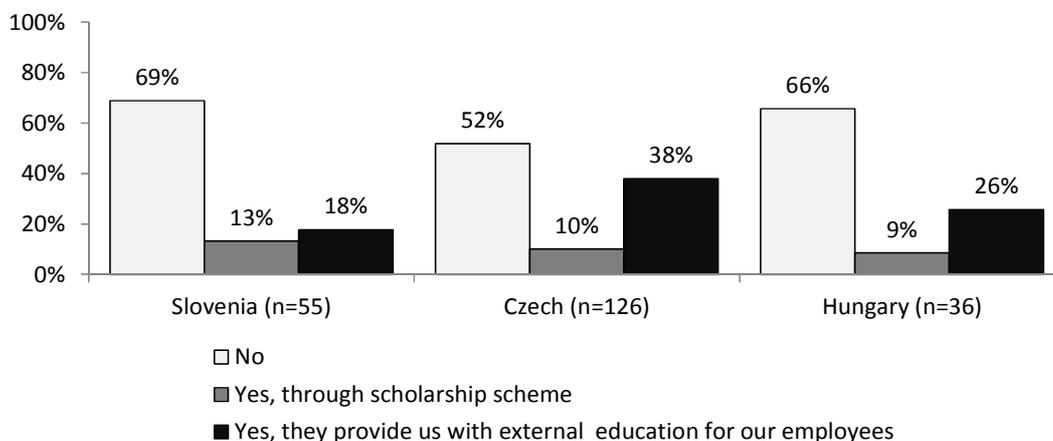
Companies that did not carry out any relevant changes have the highest share in the category “we do not plan to recruit new employees” - 60%. The fact in regard can be explained by the fact that companies that have the need to adapt to changes include measures regarding the number of employees as an integral part of restructuring process. Similar trend is shown in the case of the companies that went through restructuring process before 2008. It seems that the companies took necessary measures in order to adapt to the situation, while further measures regarding the number of employees are not necessary, however relatively high % in category of “we intend to hire agency workers” shows the need to adapt to changed situation, but not accepting the risk of employing new employees. The thesis in regard also explains the fact that companies which have restructured in “before 2008” period do not plan to hire agency workers either. From “before 2008 till the near future” period, the percentage of “recruitment of currently employed workers” increases: Same trend is recorded in “planning to recruit new employees” category, while hiring agency workers is less popular, but higher in later period times. The general trend is in “make the most of the employees you already employ”, but the forecast shows precaution when employing, considering the development of general economic outlook.

Comparative report – web survey: Slovenia, Hungary, Czech Republic



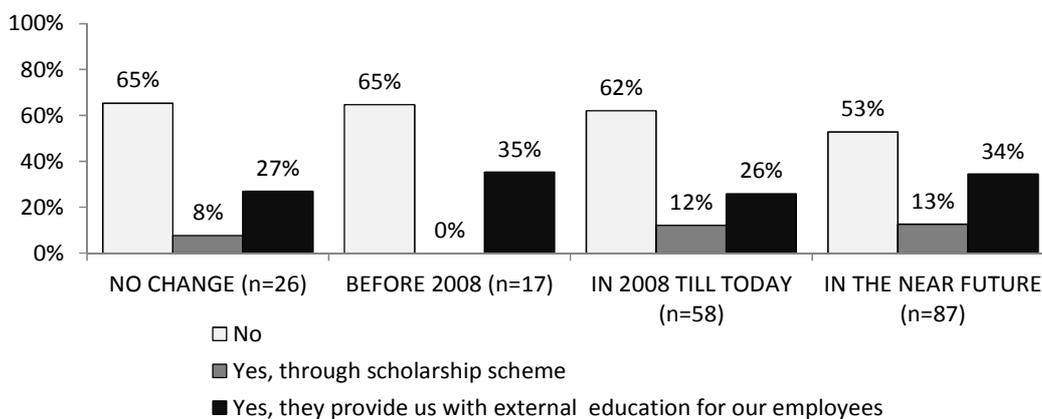
Picture 44: If you recruit new employees with the necessary knowledge, how do you intend to search for them mostly? by time period of change or restructuring

Most companies are not associated with any formal educational institution. Companies provide external education for employees more often, compared to the “through scholarship” category, which is most common in Czech Republic (38%). The results show that the companies invest in already employed workers but, on the other hand are less willing to invest in young people. The trend in regard can be explained by the fact that companies (applies mostly SME’s) relatively seldom plan working process need far in advance and also calculate the risk of investing in young people, due to uncertainty of the future needs for additional workforce.



Picture 45: Are you associated with any formal educational institution that can provide you required skills and knowledge planned in the future? by countries

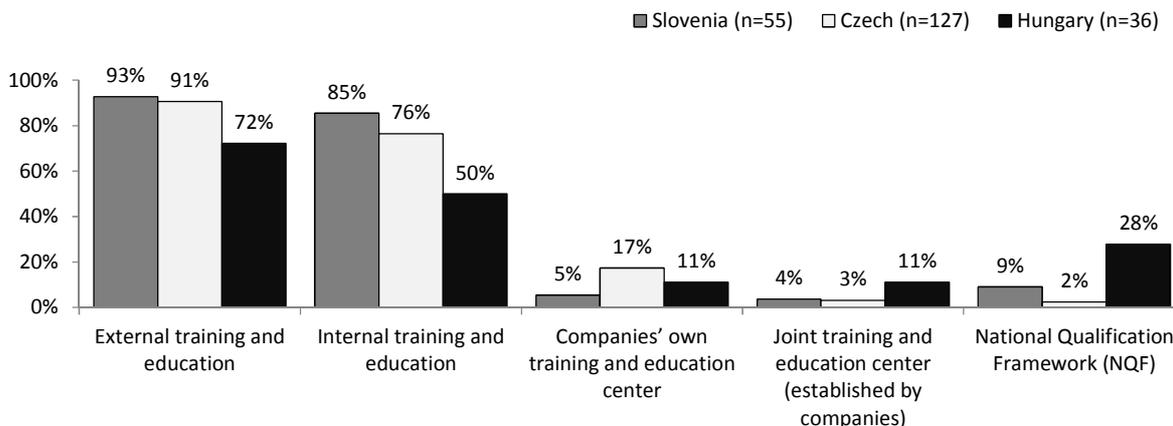
Scholarship scheme in period “before 2008” was not used for providing required skills and knowledge, but in period “2008 till today” as many as 12% of participating companies use it and less external education (26%, before 35%). However, more than 50% of companies are not planning to associate with any formal educational institution.



Picture 46: Are you associated with any formal educational institution that can provide you required skills and knowledge planned in the future?, by time period of change or restructuring

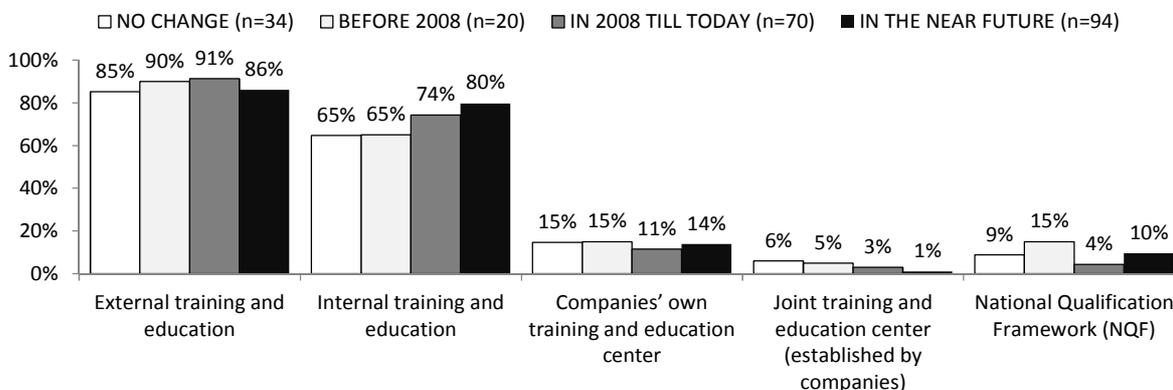
Training and education for staff is mostly conducted by external and internal training and education programs. External education is slightly more common (93% Slovenian companies, 91% Czech companies and 72% Hungarian companies), compared to the internal education programs. The level of external education in Slovenia and Czech Republic is similar whereas in Hungary significantly lower. National Qualification Framework is most common in Hungary (28%), but least used in the Czech Republic (2%) where the National Qualification Framework is being implemented these days and companies have only little awareness of the NQF. The highest share of company owned training and education centers is in the Czech Republic (17%), whereas in Slovenia it is significantly lower. One of the main reasons could be the structure of economic agents in Slovenia. Majority of the companies participating in the survey and also companies in Slovenia in general are small and medium sized enterprises, financially preconditioned in regard to establishing their own training and education centers. Beside internal and external training and education which are most common, Slovenian companies use mostly those two options, whereas other “educational options” are more widely used in Hungary and Czech Republic.

Comparative report – web survey: Slovenia, Hungary, Czech Republic



Picture 47: How is training and education for staff conducted? by countries

The difference between period before 2008 and 2008 till now is in providing more internal education and training (also in the near future) and less external. The most possible reason could be in reduced founding of educational programs. The share of joint training and education centers (established by companies) is increasing throughout the time periods. There is stable share of companies that uses own training and education center, time period has probably no influence on it.

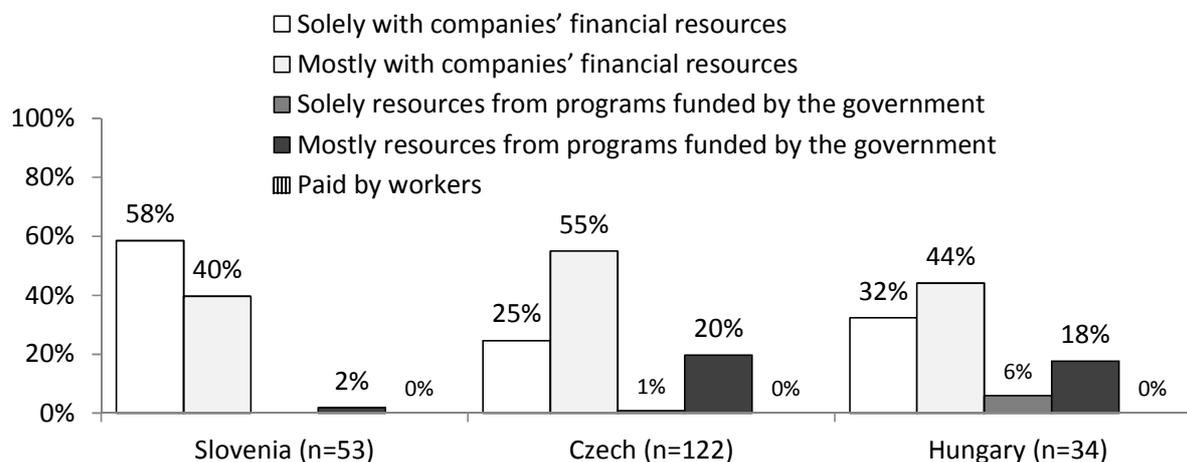


Picture 48: How is training and education for staff conducted?, by time period of changes

58% of companies in Slovenia finance their education and training programs and activities solely with companies' financial resources, while in Czech Republic and Hungary the share of such companies is only 25% and 32% respectively. Slovenian government seems to be least favorable to the financing training and education, while in Czech Republic 20% most of the resources for education and training are provided from programs funded by the government (18% Hungary). Czech companies actively

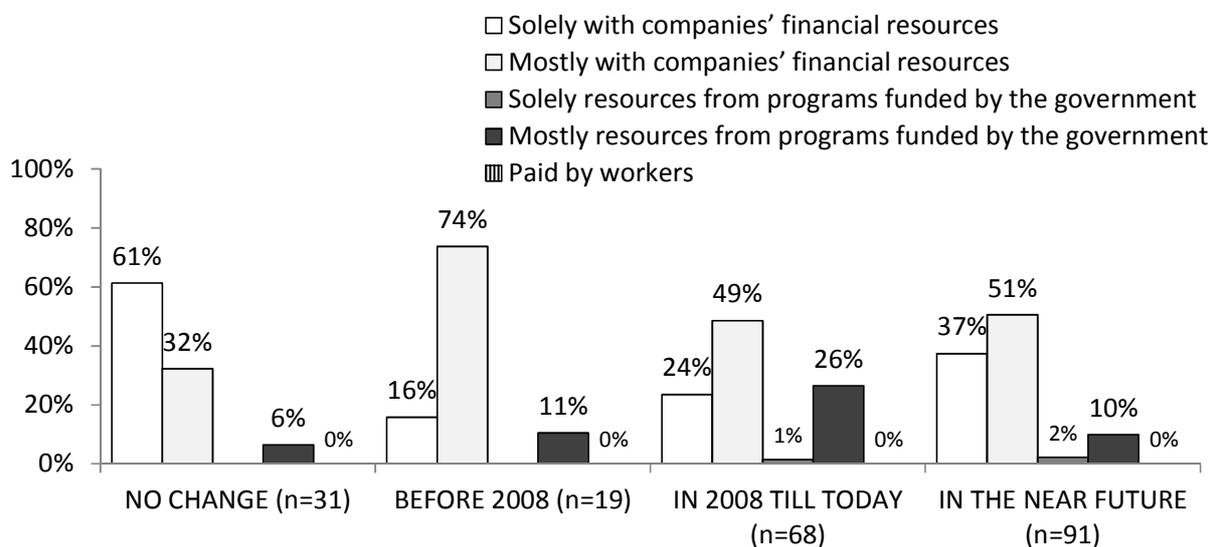
Comparative report – web survey: Slovenia, Hungary, Czech Republic

used the EU structural funds. Training and education required and organized by the company is never paid by workers, in any of the participating countries.



Picture 49: How is training and education financed?, by countries

In 2008 the share of resources from programs funded by the government increases, but it is expected decline in future.

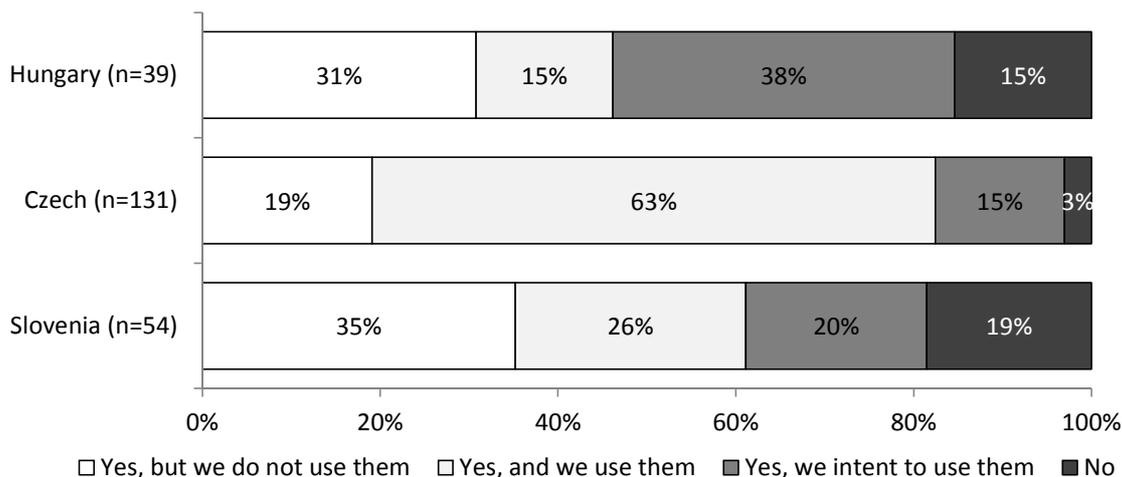


Picture 50: How is training and education financed?, by time period of company reconstruction

35% of Slovenian companies are aware with possibility of public (co)financing of training and education programs but do not use them. What is more concerning is the fact that 19% of Slovenian companies (higher share, compared to the other countries) are not familiar with possibilities of

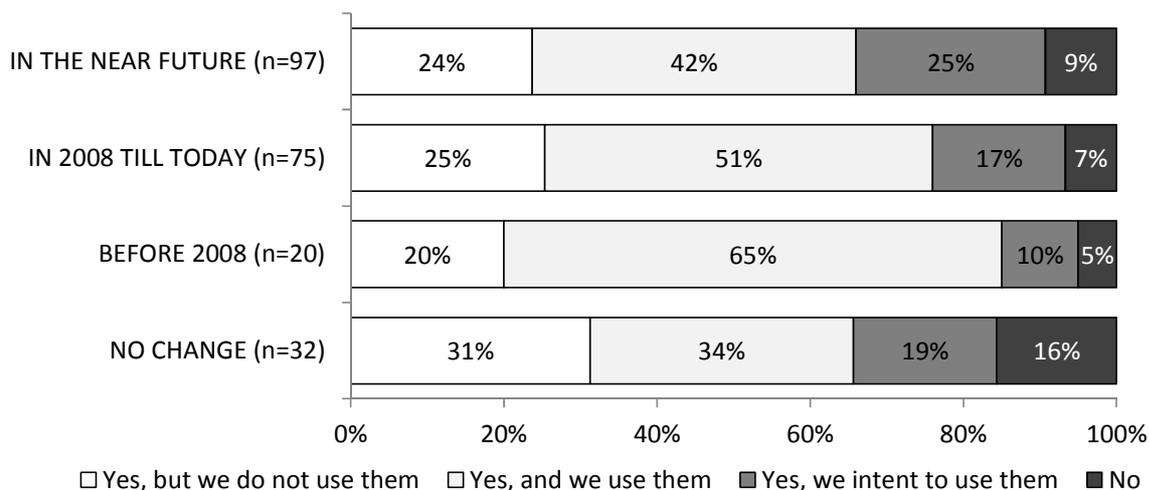
Comparative report – web survey: Slovenia, Hungary, Czech Republic

public (co)financing, which shows lack of interest or lack of proper information flow. Czech companies have the highest share of the companies (63%) which are using public financial resources for training and education. Hungarian companies are best informed of the possibility of public (co)financing and also the highest share of the companies with intention (38%) of taking advantage of such possibility in the future.



Picture 51: Are you familiar with possibilities of public (co)financing of training and education?, by countries

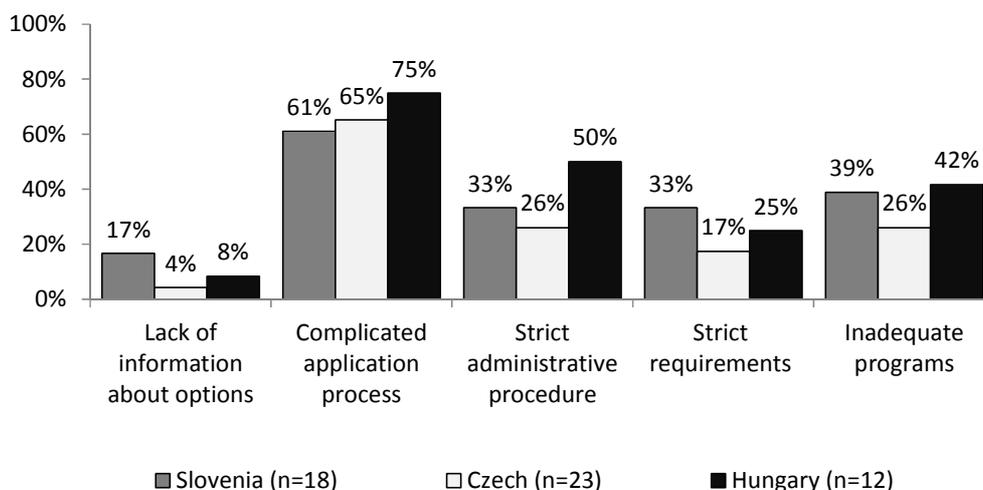
Before 2008 there were more (65%) companies that used possibilities of public (co)financing of training and education. The intention is increasing through time.



Picture 52: Are you familiar with possibilities of public (co)financing of training and education?, by time period of company reconstruction

Comparative report – web survey: Slovenia, Hungary, Czech Republic

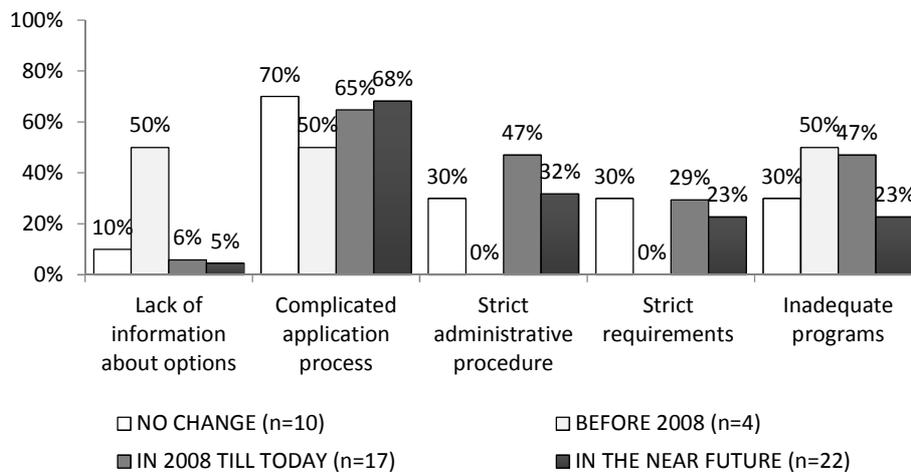
Reasons for not using public (co)financing are foremost complicated application process. Numerous of respondents that answered this question is smaller because the question was asked only to those who responded negatively to the previous. Second most common reason is strict administrative procedure. Slovenian companies claim above average share of companies that have lack of information about options (17%). These results could be an indicator for EU and national officers which areas should be improved when setting up ruled for EU structural programs in 2014-2020.



Picture 53: What is the reason for not using such public (co)financing?, by countries

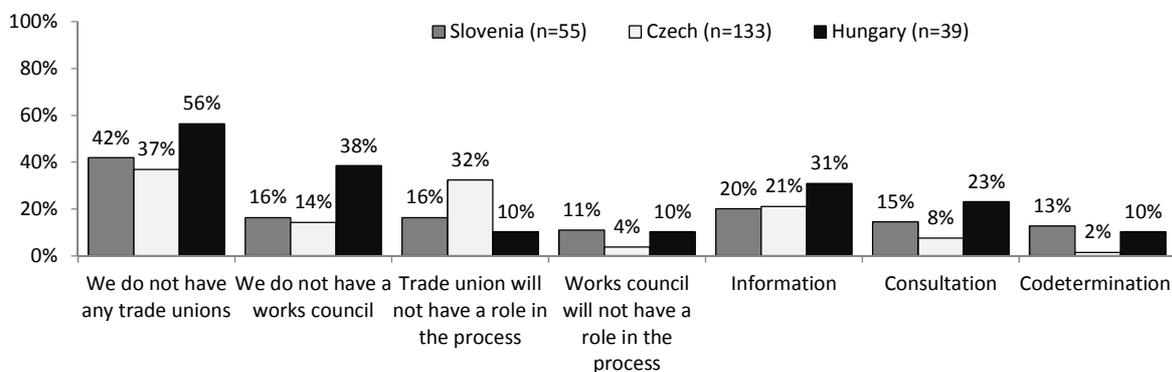
Before 2008 there was a lack of information about (co)financing training and education, but later complicated application process become more problematic and more common reason. The opinion about inadequate programs is decreasing according to time period of organizational constructing. It needs to be addressed that the process of applying for public (co)financing is relatively big challenge for majority of the companies, especially considering the adequacy of the public (co)financing programs available.

Comparative report – web survey: Slovenia, Hungary, Czech Republic



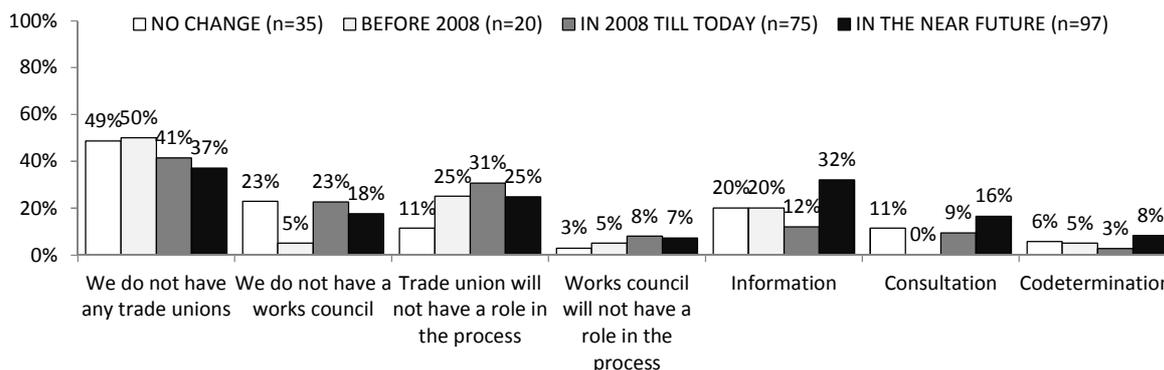
Picture 54: What is the reason for not using such public (co)financing?, by time period of company restructuring

The role of workers' representatives in training and education is presented in the following picture. Information role of worker's representatives is the strongest in Hungary (31%), however there is also the highest rate of answers "we do not have any trade unions" (as much as in 56% of the companies) "we do not have works council" (as much as 38% of the companies). Hungarian companies record the lowest level of organization of workers, compared to Slovenian companies and Czech companies. Hungarian companies also report the strongest consultation role of workers' representatives, but the highest level of occurrence of codetermination (13%) is recorded by Slovenian companies. Latter fact is the consequence of legal regulation of codetermination in Workers participation act, which enumerates the number of examples in which codetermination of worker's representatives is obligatory.



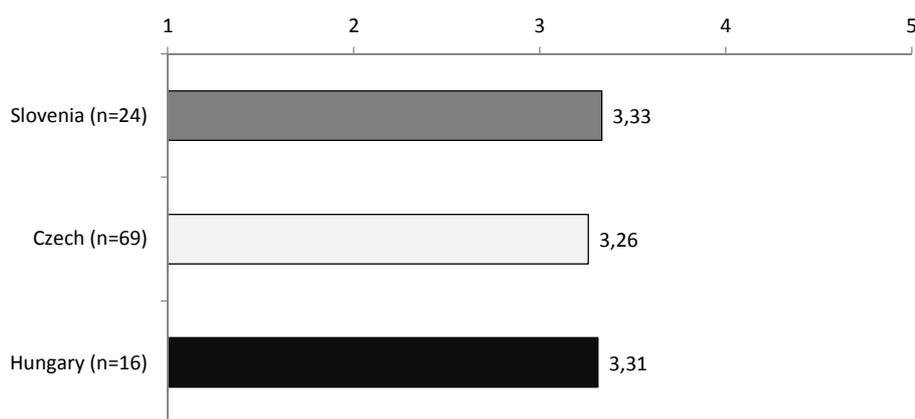
Picture 54: What is the role and level of participation of the workers’ representatives (trade unions / works councils) in training and education process?, by countries

According the time period, the workers’ organization in trade unions is improving and the incidence of consultation and information in on the rise in near future period (32%).



Picture 55: What is the role and level of participation of the workers representatives (trade unions / works councils) in training and education process?, by time period of restructuring the company

Estimation of the role of workers’ representative in training and education process is represented in the following picture. On the scale 1-5, where 1 means very adverse and 5 very constructive in average Slovenia has slightly higher estimation than Hungary and Czech. Differences between among countries are marginal. In general, workers’ representatives’ role is perceived as positive one.



Picture 56: How do you estimate the role of the workers’ representatives in training and education process?

Conclusion

The Survey

Carrying out restructuring processes and adapting to changes in general in a positive way includes both; anticipating changes and managing them. To minimize the negative impact of restructuring, it is necessary to carry out preliminary steps far in advance. Skills, knowledge and qualifications are among the key pillars of change management, as well as being a driving force for long-term success of companies.

The survey aimed at education and training policies in the company and worker's representatives role in the processes in regard. These policies represent a key link between the future needs of the labor process and the current situation in the company. Still, it is possible to determine that many of the companies do not give sufficient attention to this fact. Lack of attention in regard is often complemented with poor government financial support of needed investments in training and education in the companies. In relation to education it is of essence, that companies are provided with proper institutional framework and proper content of educational programs, corresponding to the actual needs of the companies.

On restructuring

Main part of the survey was focused on organizational restructuring according the period of time the companies went through relevant changes – period “before 2008”, period “2008 till today” and period “from present on”. Definition of restructuring was included in an introduction of questionnaire: “A significant modification made to the debt, operations or structure of a company or gradual adjustments to the working process due to organizational, structural or market changes.”

Main thesis regarding the question in regard was: The crisis in 2008 increased the incidence and the number of relevant changes made in the companies. The crisis turned out to be the additional driver of changes in the companies, and also an opportunity to embrace the changes as an integral part of company's “natural development”. The results of the survey show that companies in Slovenia restructured in largest extent in period “2008 till today”. In accordance to the companies'

projections, in the “near future” period we can expect larger percentage of organizational restructuring, compared to the “before 2008” period, however with lower intensity. It is not just the number of companies which have restructured or plan to restructure that is important. The intensity of measures / actions taken also has to be taken into consideration. For example: Slovenia has lowest share of companies that underwent significant organizational restructuring in periods “before 2008” and “2008 till today”, but the intensity of measures taken in those periods was the highest of all participating countries. Slovenian sample somehow follows the thesis that the crisis forced employers to take more intense measures (high level of lay-offs; soft methods retiring, retraining, relocation were not widely used). The trend shows that the methods of restructuring applied in “2008 and later” period aimed mostly at reducing the number of employees, whereas other approaches remain relatively stable throughout all three observed periods, with exception of method “internal organizational restructuring – decrease in number of employees”.

Besides the incidence of restructuring as defined for the purpose of the survey and the intensity of the measures applied, another important factor was “the average number of measures taken due to restructuring”. The highest averages were recorded for the period of “2008 till today”. The trend can be explained by the fact that companies approached to restructuring in several steps, and also several measures have been applied. Most of the measures were aimed at reducing the number of employees; however reduction was made by introducing different concrete measures (retirement, transfer, outsourcing etc.) and by combining different measures.

However it is not just about reducing the number of employees. Increase of the number of employees was also one of the most common measures.

On the role of worker's representatives

The fact that according to the survey, workers’ representatives always have some kind of role (at least informative role) in the process of managing changes in the company is important. None of the participating companies reported complete exclusion of workers’ representatives in the process of managing changes

Slovenian respondents see workers' representatives' as an important and constructive, especially compared to other two participating countries. The constructiveness of workers' role in Slovenia significantly improved in "2008 and later" period. The reason for the trend could be a changed role of workers' representatives since their role in the certain restructuring procedures is increased by national collective labor law legal provisions. In period "before 2008" Hungarian companies estimate worker's representatives role below average, taking into consideration responses from Czech Republic and Slovenia. Average response for the period "2008 till today" is 3.47 (1 - 5). In that period Czech respondents are close to the overall average but Slovenian respondents stand above average.

The trend of how employers see the role of workers' representatives in Slovenia is rather positive. It can be interpreted within the changed role of the workers' representatives in the processes of restructuring. The role of workers' representatives changed in restructuring process from mostly informative in the first period to mostly consultative. It needs to be added that their role exceeds solely consulting, since some measures require the consent of workers' representatives. It may be concluded that the measures taken in restructuring process not only strengthened the cooperation of employers and workers' representatives, but also increased the level of trust between those two actors. Such interpretation can also explain the trend for the future, although it has to be emphasized that the trend is only an estimation of future development of the issue in regard, not actual record of actual situation. Although the results for Czech Republic are close to the average ("neutral") value (and therefore strong conclusions cannot be drawn) we can see that the average estimation is a little bit more positive than "neutral". It is not different from other countries' results and it shows that, finally, the trade unions were able to find a compromise and accept the need of restructuring;

Also deducted from the interviews carried out in the second stage of the project, three qualities (related to workers and their representatives) of restructuring process are emphasized: transparency, trust, and communication including exchanging of ideas and viewpoints.

On training and education policies

Set of questions regarding the education was set for all respondents, irrespective of the fact the company did or did not go through relevant organizational restructuring. Special attention was taken when interpreting the data containing different periods of restructuring, since the periods are not the actual periods that education policy refers to (questions on the education policy in certain period and about financial assets available). Presented results represent the education policies of the companies, were divided into clusters in accordance to the period in which they have restructured / intend to restructure.

There were significant differences measured in regard to approach to lifelong learning policies among companies in participating countries: Lifelong learning policy is part of 58% of Slovenian, 61% Czech companies but only 18% of Hungarian companies. The result shows very different approaches to integrated educational policies in all three participating countries. It seems that Hungarian companies still have a long way (compared to Slovene and Czech companies) to the integration of educational policies as a part of integral companies' policies. What is still somehow reassuring is the fact that Hungarian companies nevertheless invest in education of employees, although the lifelong policies are not integral and continued part of policies of the company. The percentage of companies that do not carry out any training and education activities is relatively low. 5% in Hungary and 3% in Czech Republic, whereas examples of companies who do not carry out any training or education activities in Slovenia is not recorded.

The survey data show that companies, which have not restructured recently, developed long-term education policy in 58% of the cases, whereas only 36% of such companies developed lifelong learning policy outside of an integrated education and training policy approach. Companies that have restructured in period "before 2008" have developed lifelong learning policy in greatest extent.

The information on the change in financing education is also interesting. Even though Hungarian companies do have lifelong learning policy integrated in continued company's policy they intend to preserve the same amount of financial resources for training and education of employees. Slovenian

Comparative report – web survey: Slovenia, Hungary, Czech Republic

companies, even though they forefront in the percentage of companies that have lifelong learning policy integrated in continued company's policy; anticipate a reduction of financial resources for education and training.

According to the gathered data, most of the companies do not intend to change the amount of financial resources for training and education. The percentage of the companies which will maintain the same or similar amount of financial resources for education and training is similar throughout all three participating countries, with Czech Republic slightly exceeding the average. What is interesting is the fact that slight increase (by up to 10%) of amount of financial resources for education and training is more common than decrease. What needs to be addressed is also the fact that Hungarian companies record the highest percentage of companies that will increase the amount of financial resources for education and training in 2012 by more than 50% (as much as 23,1% of the companies), but on the other hand Hungarian companies also record the highest percentage of the companies that are going to cancel (although temporarily) education and all training activities (as much as 5,1% of the companies). One of the important messages derived from the survey is, that investing in knowledge is also as a tool for enhancing the competitiveness of the employees.

The most common reason for education and training in Slovenia and Hungary is "the need to upgrade workers' existing knowledge and skills in order to enhance the work process/workplaces", whereas the trend in Czech Republic is exactly the opposite: In Czech Republic only a few of the companies claim the "need to upgrade workers' existing knowledge and skills in order to enhance the work process/workplaces" as main reason for education and training activities. Most commonly chosen options in Czech Republic are "Upgrade of existing knowledge and skills due to changes of work process / workplaces" and "Maintenance of knowledge of knowledge and skills that are necessary for work process". The least frequently chosen answer in all participating countries was "filling the knowledge/skill gap due to retirement of workers".

The structure of education level needs differs from one country to another; the highest share of upper secondary education needs are recorded in the Czech Republic where companies lack qualified

Comparative report – web survey: Slovenia, Hungary, Czech Republic

technical workers, whereas the highest share of higher education is recorded in Slovenia. Czech companies have the highest (around 10%) share of companies that have no plan regarding the future needs.

I turned out that, according to the time period, companies that plan the changes in near future are more prone to regularly monitoring labor market. Monitoring of labor market has been constantly increasing during time periods, from 28% within companies that have changed “before 2008” period, to 43% in “2008 till today” period and to 54% in the companies that plan to take organizational changes in “near future” period. However more thorough approach “companies’ individual analysis of the labor market S&D” decreases through the time period. Companies seem to rely more and more on public data available, slowly but consistently. Enabling the companies to access the public data related to labor market situation (supply and demand) is therefore of most importance.

According to the gathered information on the supply and demand on the relevant labor market, companies intend to recruit new employees with necessary knowledge in different ways. Most common answer to the question on recruiting new workers (in countries overall) was “the local area/region”. Hungary is more country-wide oriented, whereas Slovenia and Czech Republic are less country-wide oriented. When recruiting new employees Hungarian companies are oriented to finding new employees in EU in greatest extent, compared to companies in other two participating countries.

It can also be concluded that companies are somehow over-staffed, but expect improvement of the situation. Therefore it is anticipated to prepare their employees for future process requirements. It has to be noted that Employers in Slovenia have legal obligation to retrain employees or provide them with additional training in order to avoid layoffs due to business reasons. Companies in Slovenia are intending to retrain currently employed workers in 2/3 of the cases, while in Hungary the share of companies intending to retrain currently employed workers is even higher – 3/4 of all participating companies. It may be interpreted that one of the key reasons for relatively high level of internal retraining in Hungary could be relatively high discrepancy between available VET programs

and actual requirements of the working process. Training and education for employees is mostly conducted by external and internal training and education programs.

Most of the companies are not associated with any formal educational institution. Companies provide external education for employees more often, compared to the “through scholarship” category, which is most common in Czech Republic. The results show that the companies invest in already employed workers but, on the other hand are less willing to invest in young people who are still in the process of formal education. The trend in regard can be explained by the fact that companies (applies mostly SME’s) relatively seldom plan working process need far in advance and also calculate the risk of investing in young people, due to uncertainty of the future needs for additional workforce.

A large majority of the companies in Slovenia finance their education and training programs and activities solely with company’s financial resources, while in Czech Republic and Hungary the share of such companies is only significantly lower. Slovenian government seems to be least favorable to the financing training and education, while in Czech Republic and Hungary as much as ~1/5 of the financial resources for education and training are provided from programs funded by the government. Czech companies managed to actively participate in the EU structural funds. Training and education required and organized by the company was never paid by workers, in any of the participating countries.

Although most of the Slovenian companies are aware with possibility of public (co)financing of training and education programs they do not use them, but what is even more concerning is the fact that as much as ~1/5 of Slovenian companies (higher share, compared to the other countries) is not familiar with possibilities of public (co)financing, which shows lack of interest or lack of proper information flow. Reasons for not using public (co)financing are foremost complicated application process. Numerous of respondents that answered this question is smaller because the question was asked only to those who responded negatively to the previous. Second most common reason is strict administrative procedure. Slovenian companies claim above average share of companies that have lack of information about options. Before 2008 there was a lack of information about (co)financing

Comparative report – web survey: Slovenia, Hungary, Czech Republic

training and education, but later complicated application process become more problematic and more common reason. The opinion about inadequate programs is decreasing according to time period of organizational constructing. It needs to be addressed that the process of applying for public (co)financing is relatively big challenge for majority of the companies, especially considering the adequacy of the public (co)financing programs available.