

## **Prof. Dr. Stefan Zagelmeyer**

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### **Special Symposium**

## **“The Impact of the Global Financial Crisis on HRM/IR at Company Level: International and Comparative Perspectives”**

### **1. Description**

The European economy currently faces the most serious economic downturn, in terms of scale and magnitude, since the Second World War. Demand, orders, output and profit have declined in many sectors and for many companies, with unprecedented rates of decline, and negative impact on labour markets and employment.

Apart from the immediate effects of the US subprime mortgage crisis on the European financial sector, which had begun in 2007, the European population became aware that it could not escape the impact of the financial crisis when the crisis started to affect the real economy in 2008. Since 2008 the crisis has affected many sectors and many companies.

In order to cope with the situation, the governments and the social partners have introduced and/or adapted a wide range of policy instruments. Public policies targeted at stabilizing the financial markets, and included substantial packages to stimulate demand in the economy and instruments to avoid (mass) redundancies. The social partners were in many cases involved in the respective public policy decision making processes, and multi-employer collective bargaining appears to have been responsive to the crisis.

At the company level, it is becoming obvious that many important companies have to face temporary slumps in demand which have a dramatic impact on their ability to maintain employment levels. A high proportion of these companies have already resorted to collective redundancies and lay-offs due to the unprecedented fall-off in sales volume. In the past, a series of strategies were developed in order to avoid or delay these redundancies or, at least, to mitigate their social impact. Many companies are making workers redundant only as a last resort; while a range of alternative responses are currently being implemented or are under consultation. These include schemes of reduced working time and other forms of working time flexibility or paid career breaks. Many employers have sought to link employment security to pay freezes or pay cuts. As it becomes clear that unilateral action by company management is no longer enough, it is increasingly the case that joint activities by management, trade unions and/or works councils seek to address the situation by agreeing on cost-cutting programmes in order to help companies to tackle the negative effects of the economic crisis, and to maintain employment or to minimize job losses.

The purpose of the symposium is to examine the various faces of “concession” bargaining (or crisis-related pacts on employment and competitiveness) in the past and during the current crisis, and to ascertain how public authorities might help enterprises to avoid redundancies, keep employees in work and possibly enhance their employability. It will investigate creative approaches used by labour and management at the enterprise level to respond to crisis situations on a win-win basis.

The symposium will start with a brief statement on the current situation and the challenges associated with the global financial crisis from the perspective of the International Labour Organization by Tayo Fashoyin (ILO).

Based on current qualitative research, the following four presentations will report on trends and developments in four countries according to a standardized structure. The four countries are: the UK (Paul Gollan, LSE, UK), Germany (Stefan Zagelmeyer, IUBH, Germany), Finland (Satu Lähteenmäki/Marit Viljanen, Turku School of Economics, Finland) and the US (David Lewin, UCLA, US). The US was chosen as the only non-European country because of the history of concession bargaining in the US.

The last paper by Lutz Bellmann and Hans-Dieter Gerner (IAB, Germany) will report on quantitative research on the impact of company-level pacts on employment and organizational performance in Germany.

Finally, Tayo Fashoyin (ILO) will comment on the findings of the presentations and discuss the implications for public policy.

## **2. Convenors**

Stefan ZAGELMEYER, Professor of HRM, International University Bad Honnef, Germany, e-mail: s.zagelmeyer@fh-bad-honnef.de

Mick MARCHINGTON, Professor of HRM, Manchester Business School, United Kingdom, email: mick.marchington@mbs.ac.uk

## **3. Participants**

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