

The factory closure by a large French group

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Executive Summary

This study shows how a large French industrial group has, for reasons of strategy and competition, restructured an activity and closed a factory on a site which has historical significance for the group.

The case study illustrates a process of restructuring which was steered by the group's development agency whose know-how is widely acknowledged thereby allowing it to announce and carry out the restructuring which was consequently accepted by the employees and those involved outside the company

One of the major innovations of this restructuring is the negotiation and the signing of an agreement on method with the trade unions which includes several commitments from the management.

The result is a progressive closure without job losses thanks to a forward-looking management of the workforce and by resorting to early retirement schemes. The internal and external impacts of the plant's closure are evaluated and action which was anticipated by the revitalization convention should soften or compensate for certain consequences on a social and regional level.

Monitoring Innovative Restructuring in Europe

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THE CLOSURE OF THE GS VX TEXTILE FACTORY IN CHAMBERY

Study undertaken on behalf of the UET

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This report has been drawn up on the basis of information received from the Human Resources Director (HRD) of the company VX France and interviews conducted with internal (group and company) and external parties (full list in Appendix 1). We would like to thank everyone involved in the interviews for their availability.

We would also like to thank Maxime Petrovski who helped us to conduct certain interviews, owing to the time available for the study.

In order to guarantee anonymity, the names of the group, the company and individuals have been replaced by codes.

After describing the context, we shall present the restructuring process and analyse the reasons for its “success”. We shall then assess the restructuring from the social, economic, health and working conditions and regional perspectives.

1. THE CONTEXT

We shall begin by presenting the context in terms of the GS group, VX and the Textile factory, along with the economic and employment situation in the Chambéry employment catchment area.

1.1. VX: a company in a large French group

The GS group is the producer, transformer and distributor of materials (glass, ceramics, plastics, cast metals, etc.). GS is among the top one hundred global industrial groups and currently employs over 180,000 people in over 1,200 consolidated companies. The Building Distribution division has developed significantly in France since the acquisition of Point P and Lapeyre. Industrial employment is tending to decline.

The company Vx belongs to the reinforcement branch of the GS group which manufactures products to reinforce high performance materials and composites. It is organised into 2

integrated activities, and operational *Business Units* (BU): GS Vx (production of yarns - 65% of the branch's sales): reinforcement (plastic) and textiles; GS Technical Fabrics (transformation of yarns - 35% of the branch's sales): construction, composites and industry.

The Reinforcement Branch is present in America (42%), Europe (47%) and Asia (11%) through 100 industrial sites and employs 8,800 people in more than 26 countries.

The Textile BU in the reinforcement branch is a global Business Unit, specialising in the production and marketing of glass yarns, for the manufacturing of fabrics used in a wide range of technical applications. The principal market for glass yarns for textiles is in electronics (45%) (Construction: 28%; industrial: 19%; Transport: 4%; Electrical applications: 3%; Sport & Leisure: 1%). The management of the Textile BU is mainly located at Herzogenrath (Germany), at the GS VX DEUTSCHLAND site.

The Chambéry factory (Factory A or Textile factory) specialised in 1998-1999 in 4 micron (μ) products which are used in the electronics market. After a period of high growth between 1996 and 2000 owing to an increase in sales to Asia which accounted for up to one third of local sales, production capacity was reduced by over 50% between 2001 and 2003. It now only supplies the American market for 5 μ , 5.5 and 5 μ 11 products and the European market for 5 μ 5.5, a few specific customers for 5 μ 11 and certain speciality products.

1.2. The history of GS Vx in Chambéry

Factory A was established in Chambéry in 1950 (Société de Verre Textile). It was followed by the creation of two other factories (Factory B: the glassworks in 1957 and factory C: the Bissy site in 1972), which manufacture products for the reinforcement of composite materials. The Textile factory forms part of the industrial heritage of Chambéry.

Some twenty years ago, GS set up a research and development centre in Chambéry, (GS VX INTERNATIONAL) which specialises in research into glass technologies, enzyme chemistry and the creation of new products.

According to the Deputy Mayor, "*the city helped greatly in the establishment of the VX INTERNATIONAL centre by encouraging it to be set up there under very favourable conditions*". GS exercised an option to purchase the land before its announcement to close Factory A.

For 22 years, like many other industrial sites in France, the GS VX FRANCE workforce in Chambéry was greatly reduced, from 1,380 to 450 people in 2004 (permanent workforce: 1999: 557; 2000: 549; 2001: 571; 2002: 533; 2003: 477). Added to this, there are around 200 other employees of VX INTERNATIONAL.

The GS group's decision was to continue to supply the fine yarns market for electronics but by restructuring and closing the Textile factory in Chambéry. The crisis in the electronics sector, which has been reflected since 2001 by a decline in the American and European markets to the benefit of Asia, has affected the activity of various sites and has led to a reorganisation focusing on the 3 main factories located in Mexico, the Czech Republic and Korea. In a transport-cost reduction logic, each of these factories principally supply the continent where they are located.

A decision to close a factory runs a social and political risk, notably in terms of social image. GS is also listed on the stock market and in the short-term, its share price could fall if ethical funds are withdrawn. The group provides support during restructurings by limiting risks as far as possible. The objective is "0 redundancies, 0 strike days, 0 press articles"; the restructurings carried out by the group have to be "socially responsible".

1.3. The Chambéry employment catchment area

Savoie is a small department with 380,000 inhabitants, 110,000 private employees and 18,000 companies.

The department has very few large enterprises. The largest proportion of enterprises is in the 20 to 50 employees range. The presence of three large enterprises in Savoie is connected to the geography. Major groups such as PÉCHINEY set up factories there to take advantage of the waterfalls. Apart

from GS in Chambéry, there is UGINE SAVOIE, which is now called UGITEC, a company which belongs to the ARCELOR group.

The chemical companies are in Maurienne. Savoie has not suffered from any major redundancies to date. Some 4-5 years ago, an industrial factory closed and relocated in order to be combined with various factories in a group which supplies the automotive industry. Redundancy procedures for more than 10 employees are relatively infrequent, some 3 or 4 in 2004, according to the Assistant Director of the DDTEFP.

Chambéry is a town which is considered to be dynamic in terms of enterprises which set up activities there.

1.4. The textile situation: look back at the past and the story of a closure

The Textile Factory (A) has experienced several crises and major changes as mentioned by the parties: 1975: the first oil crisis led to a reduction in the workforce through departure incentives.

1993: the social plan avoided 26 redundancies through voluntary departures, retirements (many employees were nearly 60 years old, FNE departures), etc. with the intervention of GS DÉVELOPPEMENT.

2000: separation into two establishments: Plastics and Head Office (factories B and C, head office) on the one hand and Textile (Factory A) on the other. Textile yarn sales have fallen; investments have focused on maintenance at Factory A and recruitments have been made under permanent contracts CDI.

2002: the intervention of the CEO, M. B., at a group committee meeting on 27.11.2002; he spoke of *“the search for a coherent, cohabitation strategy between industrial and emerging countries”*.

As from 2002, the CGT asserted its position in favour of the industrial development of the Plastics site. At the end of 2002, the CGT is in the majority in the CCE.

2003: partial redundancy from March to December 2003 for 90 employees (30 unworked days). Personnel were assigned during the summer period to two other units to replace people who were taking their annual holidays. The factory operates at 25% of its production capacity. Some 800 tonnes of products were held in stock.

February 2003: demonstration organised by the CGT in front of the gates of Factory A. The CFDT called for the introduction of an alert procedure to enable the Textile Yarn situation to be analysed, with a view to holding discussions. It withdrew this request quite quickly.

The CGT called for an extraordinary meeting of the CCE, with *“the request for an industrial plan to save jobs”* on the agenda.

During the CCE of 16th December 2003: reassuring statements from the Management *“the factory will survive in 2004...”*

July 2003: letter from the CGT trade union representative (DS) to M.B.

October 2003: the branch director submitted his report which was drawn up at the request of the group’s management in order for a decision to be taken at the next Meeting of the Board of Directors at the end of October 2003. No information on the economic situation was circulated beyond the company.

1st April 2004: the closure was announced. The DAUPHINÉ LIBÉRÉ newspaper (of 3.04.2004) title: *“Between disappointment and relief”*. According to the DS, before the announcement, the employees at Factory A had begun to believe that they had escaped closure...

1.5. The social climate

The Chambéry site is known as being socially difficult, but the climate has changed. The context is no longer the same as in the 1990s.

Three trade unions are present: CGT, CFDT and CGC (the last one since 2005). The two CGT and CFDT trade union leaders are considered to be charismatic. They are approaching retirement age and have had extensive experience in trade union work, especially the CGT representative.

The CGT, which has historically been by far the largest representative, now has a smaller majority within the CCE: 55% compared with 45% for the CFDT. However for the establishment we are concerned with, the CFDT is in the majority. When the closure was announced, the two trade unions formed a trade union association.

In the opinion of several parties who were questioned, the social climate is favourable for restructuring Factory A. The trade unions are losing speed at Factory A. They no longer had a real leader: *“Around 20 years ago, it would have caused far more turmoil”*. This statement was confirmed, as when the closure was announced, the trade unions were not able to mobilise personnel.

1.6. The decision to gradually cease activities

Several determining factors forced the GS group to alter its strategy and led to the planned closure of the textile factory:

- Competitors which manufacture glass fibre are in Japan or China (the rest have disappeared),
- Customers are essentially in Asia,
- An unfavourable euro/dollar exchange rate,
- Uncompetitive cost price of Factory A’s activity,
- The development of VX’s activity in Korea (Asian market) and Mexico (American market),
- The development of production platforms,
- Obsolete technology (*“if Renault made steam engines, I don’t know whether they would sell that many”*).

Added to this were certain constraints which prevented technological innovation (direct merger) at the Factory A site. The factory is in the town and it is impossible to install a furnace there.

It was therefore *“a strategic restructuring (/ restructuring owing to competitiveness) with a defensive approach”*.

2. THE RESTRUCTURING PROCESS

We would situate the start of the process at the end of 2002-early 2003. The restructuring process took place in six stages, beginning with the closure decision and culminating with the monitoring of the PSE application. GS D piloted the entire process in cooperation with other parties (Social Affairs Director, Sector, Branch and Company, etc. managers).

Stage 1: Taking the decision to restructure

The reorganisation was decided at the sector level (5 sectors: flat glass, packaging, HPM, construction, distribution and building). Within each sector, there are several branches. The head of the HPM sector (abrasives, ceramics/plastics and reinforcement materials) is a group deputy managing director (DGA). For each sector there is therefore a DGA, plus a DGA – financial director, a DGA – general secretary who is the legal director and a DGA – HR director.

For VX, one of the companies in the Reinforcement branch which belonged to the HPM sector, the restructuring decision came from the sector. The origin is always found in a group meeting with the sector director, the sector’s financial director, the sector’s HRD plus the Social Affairs Director (DAS) and the Director of GS Development. With the addition of the local company, the *Task Force* was constituted (cf Appendix 3). The branch discussed the difficulties of the particular company and explained why the restructuring was necessary.

Stage 2: Preparation of the economic reasoning to support the logic of the decision and the organisation of the “social strategy”

A period of three months was necessary to build up the economic reasoning with sector team meetings every two weeks. Then the sector took the necessary steps with the MD to initiate restructuring with the approval of the DAS.

The branch formed a team for this purpose. The project director was a person who had a sound understanding of this industrial activity, and was an expert in this field. He drew up a report (economic reasoning) which was to become Book IV of the Labour Code (87 pages). After a presentation of the Textile BU, GS Vx, the manufacturing process, 5µ fine yarn applications, the report drew up an inventory and the prospects in the electronics and 5µ fine yarns markets, then looked into the other 3 secondary activities of the textile factory (High Performance Materials (HPM), the production of chopped strands and the winding workshop). The financial aspects were then considered (sales and margins, balance sheet and income statement). The report concluded with the closing down of 5µ production at the Chambéry site. It envisaged a transfer of HPM to the Plastics establishment, given

the prospects for medium-term development and the chopped strands and winding. As we shall see later, a short, 16-page version of this report was sent to the CCE of 1st April when the Factory A closure announcement was made.

A whole series of meetings was organised between the company lawyer, the DAS, the MD of GS D and employees concerned from the branch and the company, in order to fine-tune the economic reasoning.

Once the context had been established, the social strategy was defined. According to the MD of GS D, for Chambéry, *“there was a possibility of announcing the closure for July 2006. This margin made it possible to offer the trade unions an agreement on the method”*. In exchange for their acceptance of the plan to negotiate an agreement on the method, the management was able to promise that there would be no redundancies for two years, through the encouragement of departures, mobility and personal projects. The majority of redeployments could be achieved through the transfer of employees to another establishment 2 kilometres away.

Stage 3: Information for the environment: a gradual increase in power

GS D established contacts with external parties.

The first target was the State and notably two of its representatives: the Prefect and the Departmental director of employment. A detailed presentation was given of the economic difficulties encountered: *“the activity isn’t going well”*. The second target was the local authorities and the wider political circle: the Mayor and the Vice-Chairman of the General Council. Separate meetings were conducted by the MD of GS D. The presentation was based on the economic reasoning and an ongoing communication system was established until the final decision was taken. The meeting with the Mayor of Chambéry took place in October 2003.

Between October 2003 and the end of March 2004, several contacts were made by increasing the amount of information circulated in order for the parties involved to be kept informed well in advance of events (cf Appendix 3).

Preparation of the employees was carried out well in advance. The DAS was responsible for this. In GS, an agreement on trade union rights was signed: the DAS had to negotiate with a coordinator for each trade union representation. The two trade unions concerned in this case were the CGT (majority) and the CFDT. The manager of the Reinforcement Branch began to speak about it to the CGT representative at the group level by explaining the strategy. He requested him in turn to state the CGT’s concerns with regard to the project, in order to be able to take them into account. The CGT group representative formulated demands and contacted the local CGT trade union in Chambéry to advise it to sign the agreement on the method.

Stage 4: Signature of the agreement on the method

Following the announcement (1st April 2004) of the closure of the factory before July 2006, in three months, 7 CCE meetings (7 versions of the agreement on the method) and numerous unofficial meetings with intense discussions were required to achieve the signature of the agreement on the method on 23rd July 2004 by all the trade union organisations (4 CCE information-consultation meetings and one CE Textile meeting (21st July), followed by a CE Plastics meeting (23rd July)).

Although the management’s project contained over 60 pages and included items from the PSE, the agreement on the method which was signed had just 9 pages. The contents included 10 points, which specified the objectives, means and schedule.

Firstly, the company undertook to maintain, transfer and develop the activity: in particular to transfer a special glass production workshop, resulting in the transfer of 10 people; to *“continue and intensify the development and manufacturing of TWINTEX”*.

Secondly, it undertook not to carry out any redundancies before the planned factory closure in July 2006.

Other points were envisaged: employees at the Textile establishment would be offered posts in the Plastics establishment (redeployment); the organisation procedure for the working committee; the procedure for having recourse to legal expertise by providing financial assistance and the economic expertise mission; the procedure for its entry into force, the duration and revision of the agreement; and the submission and publication of the agreement.

The availability of financial assistance for advice from the lawyer and the expert by the HRD of Vx resulted in the CGT and CFDT trade unions uniting and choosing the firm SECAFI as an expert. The CGT lawyer, Maître B., contributed to the formalisation of the agreement on the method. His advice was to take care to ensure that the agreement on the method “*did not affect the social plan*” and that it only covered the obtaining of guarantees from the Management.

With regard to the first point, the CGT DS refused that the agreement on the method should include items from the PSE, in order not to obstruct the discussion on the PSE within the CE.

The SECAFI expert (CE expert) took part in the process to advise and assist the CGT DS to reach an agreement on the method.

We have chosen to report the points of view on the agreement on the method expressed by the two signatories and the employment administration:

According to the HRD: *“Initially, we spoke of the agreement on the method, the simplification procedure and the book IV book III concomitance. We realised that the further we took the negotiations, the more we were preparing a code of conduct, which created a relation of trust, on condition of course that negotiations took place properly and there was an exchange of views. This made it possible to calm things down and to keep things on track, until the final objective of the factory closure was accomplished”.*

According to the CGT DS who signed it, *“We have to tell the truth. With the French laws and the Labour Code, we do not need the agreement on the method in my opinion, except if in exchange, it offers us commitments from the Management. Otherwise it’s not necessary.... It has to be a true commitment from the Management which states: “Yes, there is a Social Plan; yes, we are probably going to cut jobs, but in exchange, we shall give you guarantees”.*

According to the assistant director of the DDTEFP, *“The agreement on the method as signed determines the quality of social relations. When it involves a factory closure, the trade union organisations are often quite strained and social unrest can be expected. The fact that we have managed to sign an agreement on the method encourages the involvement of the trade unions and at the same time avoids a subsequent dispute over the justification for the closure... Even today managements find it difficult to see the point of the agreement on the method. This makes it possible to properly define the context of the discussions and give one another indicators for consensus.”*

The negotiation of the agreement on the method was an exchange of proposals and resulted in a commitment from the management in terms of the development of industrial activities.

According to the CFDT DS, in 2003, discussions with managers in the group committee suggested that an agreement on the method had been envisaged.

The DSs who are familiar with the industrial activity, assisted by the CE expert, formulated proposals for the development of the activity at the site: the transfer of special glass was one condition imposed by the CGT DS for the signature of the agreement on the method.

According to the HRD: *“there was a small workshop within this factory which was called the High Performance workshop, which manufactured special glass for the aeronautics and armaments industries: highly profitable glass with potential for development in the market. This production had not been exploited in marketing terms. It was thought that real possibilities existed for commercial developments. The question which was posed was to find out whether if it was completely stopped, or if it was to be transferred elsewhere outside France. Discussions were held on this point. The social partners insisted that the workshop should be kept at Chambéry. The local management convinced our worldwide boss, Mr. CA, to do so. This has therefore been formally noted and 10 jobs have been saved. Audits are being conducted. But it is still a rather complicated issue. It is also costly. The transfer is costly. It has therefore been recorded in the agreement on the method: maintenance and transfer of this activity and development as a commitment has been made to create a marketing commercial structure to develop these markets. This is what is now being done. We have created a special business unit in which we have placed these products and we are currently setting up a specific marketing and commercial structure.”*

Another proposal made by the trade unions is to keep the products of the future on the site. TWINTEX is a product which appeared 10 years ago from the R&D centre in Chambéry. The TWINTEX production activity began in January 2004 in Chambéry. The GS group has invested 3 million euros at the site.

The role of the CGT CE secretary:

“The same applies to TWINTEX: the initial idea was to leave for the Czech Republic, whereas TWINTEX was first developed by the research centre at Chambéry. The first production runs were conducted in the United States. There was a small winding machine and they wanted to begin a small production volume for Europe. At first, it was planned to take TWINTEX to the Czech Republic. That was 2 years ago. During the summer, I wrote 2 letters to M.B. (CEO), one for TWINTEX and another for the closure of Factory A. He didn’t reply, “OK, I understand”, but then we saw that TWINTEX had come here. It is a product of the future, one which can turn around the profitability of roving here and special glass excluding chopped strands. I therefore believe we have some hope for the future. We have tried to anticipate change.”

Other parties have contributed significantly to the debate to maintaining the activity; including the Mayor and his deputy. When discussions with the management team were continuing, the mayor took a keen interest in saving the jobs and the development of new materials like TWINTEX.

It therefore appeared that alternative economic proposals had been made earlier for the site at least, by the CGT leader and CCE secretary. These proposals were accepted by the management given the medium-term development prospects of these markets. These proposals coincided with the branch manager’s diagnosis (the reorganisation project).

Stage 5: The job saving plan (PSE)

The formal book IV – book III procedure began on 4th October 2004. The first CCE information-consultation meeting took place on 4th October 2004 (presentation of Book IV). A further 4 CCE information-consultation meetings followed this, together with an extraordinary Textile CE meeting (Book IV and Book III) between each meeting.

The CCE members unanimously returned a vote in favour of the PSE during the final meeting planned under the agreement on the method, i.e. the CCE meeting of 13th January 2005, after the meeting had been postponed several times. The Textile and Plastic CEs in turn unanimously approved the PSE (on 25th and 28th January 2005)

The disagreement involved the redeployment criteria and the opening of jobs to employees from textiles and plastics. The criteria decided upon in decreasing order of importance for the allocation of points were: adaptability, family responsibilities, age and seniority. The PSE envisaged that adaptability should be assessed differently according to the employment category.

An addition (January 2005) was made to the PSE as the trade unions did not want to discuss the social part before the economic part had been finalised. Specific texts on the social measures adapted to the people concerned were therefore added and made to the amendment on the advice of the CE expert.

The SECAFI expert became involved at the end of August – early September 2004 informally in order to begin his appraisal. He submitted his report at the second CCE information consultation meeting of 18th November 2004 and the Extraordinary Textile CE meeting of 25th November 2004. His role in relation to the CE was to give his opinion on the closure decision and to describe very precisely to the members how activity at the site was going to change. It does not appear that he was involved at a subsequent stage in the procedure.

It appears that there was a negotiation process, not only concerning the agreement on the method but also concerning the PSE. During the 7 meetings of the PSE working committee (from November 2004 to January 2005), personnel representatives requested improvements to certain measures in the project and the company’s management accepted to amend and/or supplement certain points of the PSE.

Stage 6: Working Committee of 9 members appointed by the CCE (which became the monitoring committee after the signature of the PSE)

It met formally every two months and in practice every month. It followed the progress of the redeployments as from 3rd November 2004. It served as an organ for negotiation for management and

turned into the monitoring committee. The 9 committee members have a credit of 10 hours per month. During the negotiation of the agreement, this credit was increased to 20 hours per month. The monitoring committee members (the DSs from the three trade unions who each have a mandate) discussed the allocation of posts for difficult cases (when there were several candidates for a post). The GS D delegate took part in the committee meeting and informed the members of the redeployments that had been concluded. The Management was obliged to advertise the posts to be filled. The employees sent in their applications. The committee followed the applications closely and ensured that the personal projects were reliable and relevant. The implementation of the PSE was the management's responsibility. The HRD had a regulatory role. The role of the monitoring committee was restricted to giving an opinion. Several members were not satisfied with the criteria or regretted that the criteria were not always respected.

3. ANALYSIS

Restructuring is characterised by anticipation and negotiation. Several conditions, qualified as "success factors", were analysed. They made it possible to carry out the restructuring whilst maintaining the social peace, respecting the timing and managing mobility.

3.1. The winning triptych in the case studied: culture, people and structure

GS's culture, the personality and relations between people and the GS D structure were in our opinion the key factors which enabled the restructuring to be conducted successfully. We shall review these three key factors.

3.1.1. GS's culture

GS's culture is based on social dialogue and promoting the social dimension, which determine the internal dynamic of the enterprise. The circulation of information, the quality of social relations, the open-mindedness of managers and the respecting of commitments form the cement of trust. The DSs are employees at the end of their careers who are imbued with the GS culture.

Thus the CGT DS, who signed the agreement of the method, regularly visits the company, even though he's retired: *"This is why I am here back today; when you've been involved for years and years in all these things, you can't leave with your hands in your pockets. You are still interested in the company and its employees."*

The trade unions have very little need for the Local Unions (UL) or Departmental Unions (UD) and the federation. The contacts between the trade union representatives are internal: Group and company. This autonomy and independence in relation to the trade union structure is explained by the size of the group and its renown, but also by its people.

The GS group has well-structured social relations. A trade union rights agreement in the group ensures that each trade union confederation has a coordinator. Their contact person is the Director of Social Affairs (DAS). For whatever subject, if the trade union coordinator considers it necessary, he can have a direct discussion with the DAS for processing the issue. It is an acknowledged means of dialogue and regulation.

3.1.2. The people

The quality of relations that have been forged between people have led to mutual trust.

The HRD is a man from the field who is actively involved in the local socio-economic environment. He has been responsible for Human Resources in several VX establishments worldwide. He is greatly trusted at the local level. He is supported by an assistant. The HRD alone manages communication with the media. Communication with GS D is conducted on a daily basis and reporting is carried out weekly by the employment representative of GS D.

The leader of the CGT (company) is a leader who believes in the agreement on the method. He is considered to be highly intelligent, with extensive industrial expertise, and autonomous.

The CFDT DS has little contact with the Local Union (UL) and the confederation. He is more in contact with the GS group CFDT: *“I didn’t depend on those people very much, on a secretary, etc. I relied more on the SYNDEX firm, which was working for the group at that time.”*

A common point between the two CGT CFDT leaders is that they both joined GS in 1973 at Chambéry as workers and made their careers there and accumulated all the mandates. The CFDT DS is a member of the group committee.

The group-level DAS was able to manage, develop and build up credibility, transparency in what was said and reliability of information in relation to trade unions. He has genuine credibility with the trade unions. In exchange, the group CFDT and CGT DSs are acknowledged by the DAS as being highly trustworthy, true professionals.

Relations between the social partners in the company are good. The HRD and the MD are considered by the DSs as *“human, men of dialogue, who understand the issues”*.

The context was favourable for a rapprochement between the trade unions and the creation of a trade union association.

According to the CE expert, *“the social partners are open, intelligent, to the point and committed to building up a reliable, stable, solid agreement for the future”*.

3.1.3. The structure of GS Development (GS D)

The widely acknowledged know-how of GS D enabled it to announce restructurings which are accepted by the employees and parties from outside the company.

GS Development (GS D): extensive know-how

GS D was created in 1982 to undertake the retraining associated with group restructurings. GS is a highly decentralised group. GS D provides the interface between the group and the establishments, along with the interface between these establishments and their institutional environment. Its missions are currently conducted in three fields: human resources and social affairs (social watch, restructurings, redeployment of employees, etc.); support for local economic development (loans to neighbouring SMEs, economic revitalisation of abandoned sites, etc.); support services for branches of activities and their establishments (settlement studies, relations with the Administration and regional authorities, etc.).

For VX, the GS D’s missions relate to the first two fields: human resources and social affairs on the one hand and support for local economic development on the other.

The status of GS D is that of a GIE (Economic Interest Group) which, by definition, offers the sharing of resources between various members. For each branch, the largest company joins the GS D and contributes to its budget on a pro rata basis of its workforce. GS D is responsible for preparing PSEs. The recourse to the GS D is therefore systematic in a restructuring situation.

GS D has 3 delegations: a Normandie Nord-Est delegation, a Sud-Ouest Île-de-France delegation and a Sud-Est delegation.

The Sud-Est delegation, like the two other delegations, is a small structure composed of:

- a hierarchical manager who is the representative of the Sud-Est delegation; he has an assistant responsible for economic development,
- an employment watch manager and employment advisers (with fixed-term contracts – for monitoring around ten employees),
- a secretary.

A functional manager, the economic transfers representative, has national coverage over the 3 delegations. He is responsible for all of the PSEs and the agreement on the method.

All of the PSEs are analysed in detail. Indicators are used to evaluate the social measures for each PSE. Tools make it possible to check that PSEs are not more expensive and less efficient. Thus the

data analysed for all the group's PSEs make it possible to build up a PSE adapted to the specific features of each situation and an equivalent level of efficiency.

The work of the employment watch

GS D becomes involved once the agreement on the method has been signed to study the planned redeployments, the projects of people who are seeking to be transferred internally and the enterprise creation projects.

The employees transferred to Factories B and C do not meet the GS D employment representative. The employees who did not volunteer to leave are systematically redeployed to Factories B, C and VI on the posts published in accordance with the order defined by the PSE criteria. The HRD is responsible for the organisation of internal transfers at the Chambéry site.

The people who contact the GS D are volunteers. These employees have to be active. The GS D is positioned as a partner for employees to help them accomplish their projects.

The PSE gives priority to internal redeployment solutions (VX France company and the GS group). In the case of an internal transfer beyond Chambéry, the employment watch representative interviews the person to find out their profile, skills, motivation to change region and finalise their *curriculum vitae* with them. It looks for a post which corresponds to their profile, which results in one or two interviews with a HR manager. The subsequent secondment is for a maximum of two months and is followed up. At the end of the secondment, either the employee is happy in their new post and has the requisite skills and the transfer is completed, or he returns to his previous post.

The external mobility project for the creation of enterprises is another possible mechanism. Certain employees have well thought-out plans but do not have the technical or financial means to launch them. Initially the person explains their project. Their motivation and suitability of the person to the project have to be ascertained. Technical assistance involves a market study; the possibility of having recourse to the junior enterprise of a business college; study of competitors; financing study; the drawing up of statutes. Financial assistance includes a grant, the possibility of a GS D loan after approval by the financial director (loan approved by VX). A consultant approves the financing plan for the start-up and for the following 3 years. A follow-up is conducted every month upon start-up and every 4 or 5 months afterwards. After 3 years, one to two visits per year are conducted by the GS D representative. The average duration to set up a project is 6 months.

The departures or redeployments outside the group concern the individuals in their job search, who have skills which are likely to be of interest to SMEs. The loss of 20 to 30% of remuneration related to the differences between salaries in a large group and an SME, limit external redeployment, even though salary compensation is paid for two years. These employees are prepared for the interview. It is followed by a two-month secondment, then a permanent contract. In the event that the person fails to join the enterprise, the representative contacts businesses which are recruiting and are likely to be interested by a Vx employee. The employee can also find employment by themselves, often related to the activity they were involved in before they joined Vx (e.g. confectioner). The representative's assistant responsible for economic development in the Chambéry area informs the employment representative of the businesses which have been set up and are developing, including those assisted by GS D. According to the representative, a business which GS D has assisted is not "obliged" to recruit a Vx employee, especially if the line of business has nothing to do with plastics (e.g. industrial pizzeria). In the event of external redeployments, no direct assistance is given to recruiting businesses.

The revitalisation agreement

The Act on social cohesion of 18th January 2005 (Article 76) envisages that an agreement is signed between the company carrying out redundancies and the prefect. This agreement specifies the measures which are financially supported by the company to revitalise the affected employment catchment area. The revitalisation agreement applies to businesses of over 1,000 employees.

The Sud-Est delegation representative has built up a policy, in which the town and the General Council and the Region become involved to promote job creation by various means. Working with

local organisations involved in employment issues, a commitment agreement will soon be signed with GS D.

It was proposed to the Mayor to sign an “*Chambéry agglomeration and Savoie Department*” agreement, including a certain number of actions which promote the revitalisation of the area.

The actions relate to training and qualifications, economic development, insertion and research and development.

The agreement relates to training-qualification initiatives (Caisse d’Epargne des Alpes, Schneider), insertion initiatives (“platform for employment”), economic development initiatives: participation in the local initiative platform, promotion of the “ALIZÉ” programme (7 or 8 businesses take part to create around 80-100 jobs for the 2005-2006 period), SME/SMI development support with business creation assistance (some thirty employees involved, 15 of whom are from VX, which led to the creation of 35 jobs in various lines of business). Activities will be undertaken in research and development, in a certain number of areas, particularly in composites at GS.

GS D is seeking to establish a permanent revitalisation structure which is quite unrelated to the actual closure and potentially have longer-term consequences.

The property aspect has to be included in the agreement. The town would like to repurchase land which is in short supply, either to promote new economic establishments (which is lacking in the Chambéry metropolis), or for housing.

According to the MD of GS D, “*The idea is to enter into an agreement under Article 76 through what has actually been negotiated with the local elected representatives from the agglomeration and the department*”.

3.2. External parties kept informed

All of the political and institutional parties involved were kept informed. The CE expert is the person who took part directly in the discussions on the agreement on the method and the PSE. The CCE secretary greatly appreciated the help from the lawyer (with whom he has worked for 7 years) during the negotiation on the agreement on the method, who warned him “not to touch the PSE”.

3.2.1. The Mayor: a leading external party

The Mayor is the leading external party who was kept permanently informed by the group, the GS D and the HRD of VX. The Mayor is Mr. Besson, former housing minister. His assistant who is responsible for business relations and the vice-chairman in charge of the Chambéry agglomeration project (15 municipalities) (the agglomeration is competence for economic issues), was a top executive in the Pêchiney group. He was the representative of the PECHINEY group for the Rhône Alpes region and managed situations to support policies. He monitors businesses, regularly finding out about them: their evolution in economic terms, the evolution of their markets, the impression of their managers, etc.

The Mayor has been is aware of the commitment to close a site without making anyone redundant and the transferring of an activity from Factory A to the BISSY Factory.

The Mayor’s assistant met with GS D employees every two weeks. By remaining informed, he can himself inform other parties of what was happening.

The point of view of the Mayor’s assistant can therefore be summed up: “*We were kept well informed, we were aware of what was happening. I had the opportunity to see the GS team extensively, with the Mayor in fact. They informed us of their difficulties. Following this, a relationship of trust was built up between us: on the one hand we knew they were facing a difficult task, by attempting to negotiate an agreement on the method with the trade union organisations, and on the other hand the fact that we had to manage this situation as well as possible, in order to not to create difficulties for them, so that they manage to reach this agreement on the method. We also did our utmost so that they did not have difficulties at the departmental level and even further afield from the trade unions, which would prevent them from signing the agreement on the method*”.

The point of view of the CE CGT secretary:

“When we went to the Mayor’s office, I was accompanied by the various trade unions. I asked the Mayor to give an overview of the various SMEs operating in the region in the fibre sector... these are not potential customers. It was important. The Mayor was supposed to give a brief presentation of them and in the end, we never heard anything”.

3.2.2. The DDTEFP

In accordance with the Labour Code, the HRD sent the agreement on the method and books IV and III to the Labour Administration. The consulted DDTEFP examined the scope of the envisaged redeployment measures. The administration is in a position to assist the measures established through an agreement which enabled the company to be assisted in the context of this agreement. As the HRD of Vx did not sign the agreement, the labour administration did not intervene.

For the Assistant Director of the DDTEFP at Chambéry, *“the approach was rather atypical in terms of the Labour Code as the Management effectively initiated a procedure related to the restructurings whilst stating that there would be no redundancies”.*

The labour administration did not intervene as the restructuring was being conducted under good conditions and was being settled internally.

3.2.3. The prefecture

As the company did not request financial assistance or financial measures by the State, the prefect did not intervene. The revitalisation agreement will be signed shortly by the prefect and the GS D.

3.3. The CE expert: an external party who provided support

The CE expert supported the DSs and took part in the procedure to assist in the preparation of the agreement on the method. He then took part during the PSE. He played a major role with the Local CGT Union, which on principle was systematically opposed to the agreement on the method. It accepted the VX agreement, without fundamentally changing its opinion on the agreement on the method.

4. EVALUATION

The MD of GS D has tools to assess the cost of each PSE and to analyse cost and effectiveness in detail. Our own evaluation is going to cover several dimensions: social, economic, health and labour and regional conditions.

4.1. Social evaluation

Before drawing up any conclusions on the implementation of the mechanisms envisaged by the PSE, we shall assess the planned management of workforces (Prospective management of employment and skills - GPEC).

4.1.1. Evaluation of planned measures

The declining workforce at Factory A has been constant since at least 2001 (January 2001: 231 employees, January 2002: 209, June 2002: 182, June 2003: 129, October 2004: 84, March 2005: 80). Thus since the first economic difficulties were encountered in 2002, the workforce in Factory A has been cut by more than half, through internal mobility, natural departures and age measures. In Factories B and C and VI, the vacated posts were blocked.

The HRD of VX prepared workforce reductions which led in this case to the PSE through GPEC over 3 or 4 years, by conducting a precise analysis of the profiles within the company and the requirements of the two GS entities in Chambéry and by anticipating departures. This preparation is a major determining factor for success before the measures included in the PSE. The PSE was made necessary as “soft” management nevertheless had its limits.

In this context, at least three mechanisms have been used (2003 and 2004):

- Departures of “tired workers” at the end of their careers in 2003 (non-economic redundancies) (cf table 1) (under 55 years of age).

- Retirements under the Fillon Act of 2004: some thirty employees
- CATS: 22 people (employees of 55 years of age or more who find it difficult to adapt to new technologies or who during their professional career, have had to do heavy work).

The information from the social report of VX (cf table 1) confirms that the GPEC prepared for the workforce reduction:

- Stopping recruitments in 2003 (2002: 10 transformations of fixed-term to permanent contracts);
- Mobility from Workshop A to Workshops B/C;
- Non-replacement of fixed-term and temporary staff;
- Recourse to temporary staff for reserved posts.

| | 1999 | 2000 | 2001 | 2002 | 2003 |
|------------------------------|-------|-------|-------|------|-------|
| Permanent workforce | 557 | 549 | 571 | 533 | 477 |
| - Departures | 289 | 247 | 246 | 143 | 79 |
| - Resignations | 1 | 5 | 6 | 3 | 1 |
| - Economic redundancies | 0 | 0 | 0 | 0 | 0 |
| - Non-economic redundancies | 57 | 15 | 29 | 31 | 55 |
| - End of fixed-term contract | 205 | 194 | 193 | 93 | 11 |
| - Mutations | 5 | 13 | 8 | 6 | 5 |
| - Retirement | 0 | 0 | 0 | 2 | 1 |
| - Early retirement | 11 | 10 | 1 | 0 | 0 |
| - Death – invalidity | 10 | 10 | 9 | 8 | 6 |
| Average monthly no. of temps | 13.97 | 32.82 | 27.21 | 10 | 20.15 |
| Definitive inaptitude | 6 | 7 | 4 | 3 | 3 |
| Inapt redeployment | 4 | 6 | 4 | 3 | 2 |

Table 1: information from the GS VX FRANCE SA social reports

4.1.2. Evaluation of the PSE measures

When the closure was announced on 1st April 2004, the workforce included 112 employees; it had 92 employees on 23rd July 2004 (Agreement on the method).

The difference in the workforce between April and July 2004 is explained by departures: achievement of projects, natural departures (retirement), the finalisation of job searches, etc. resulting from mechanisms set up by the HRD beforehand.

The PSE identified 52 posts available in the VX company in Appendix II: reserved posts, posts transferred from the MHP workshop, the posts created in the context of TWINTEX production activity. Between now and July 2006, the management is envisaging the departure of around twelve people through CATS.

The PSE measures proposed to the workforces of factories B, C and VI made it possible to free up around twenty posts; 5 or 6 departures of employees from Factory A have to be added to this; in total therefore, the objective of 20 assisted departures (figure established by the expert in their report) has been exceeded.

| Factory A: workforce: 92 | 100% | Factories B/C and VI: 16 | 100% |
|------------------------------|------|-----------------------------------|--------|
| employees* | | volunteers** | |
| Internal redeployment: 82 | 89% | Personal projects: 8 | 50% |
| Completed: 13 | | Internal redeployment: 2 | 12.5% |
| Pending: 69 | | Pending: 5 | 31.25% |
| External redeployment: 4 | 4.3% | PSE Departure: Anticipated | 6.25% |
| Personal projects: 2 | 2.2% | PARE/PARE: 1 | |
| Interviews in progress: 2 | 2.2% | | |
| Conversion training: 2 | 2.2% | | |
| * 56 blue-collar, 29 ETAM, 7 | | ** 11 blue-collar workers, 5 ETAM | |

| | | | |
|------------|--|--|--|
| executives | | | |
|------------|--|--|--|

Table 2: PSE monitoring table (report as at 27th April 2005)

From the figures drawn up on 27th April 2005, it was estimated that the internal redeployments was to affect 90% of the 92 employees working at the time when the agreement on the method was signed (cf table 2).

One “PSE departure: Anticipated PARE/PARE” is noted in table 2. In the context of a PSE, the company has to propose the employees an Anticipated PARE. The ANPE pointed out to us that one Vx employee registered with the ANPE for this reason.

Of the 92 people, the representative saw over twenty people from Factory A and twenty-one people from the other site, i.e. forty people in total. All of these people are volunteers for departure and are working with GS D. It did not have to meet the employees who were transferred to factories B, C and VI, as the HRD was responsible for this.

Anticipation had a positive impact on the departures of personnel. The more the people felt reassured by the commitments undertaken for redeployment (no economic redundancies), the freer they were to envisage other alternatives, including personal projects: *“They looked to the future more calmly and took responsibility for themselves”* (employment adviser).

The Factory C employees accounted for 85% of departures for personal projects. These employees are all under 35 years of age and mainly held blue-collar production posts (including 2 supervisors). These people were qualified for “a real trade” from the outset (CAP, BEP).

Beyond the quantitative objective, for GS D, the success of the PSE was measured by the satisfaction of the redeployed employees. Secondment made it possible to ensure that the profile of the seconded employee was suited to the post. In the event of external redeployment, corporate social responsibility meant ensuring that the jobs created were reliable and long-term.

Redeployment difficulties affected around ten people. These mainly affected supervisors. There are fewer equivalent posts in Factories B and C. It is probable that the voluntary departures (Factories A, B and C) affected very few supervisors. On the other hand, there was no difficulty in placing the “posts” as “posts” and “dailies” as “dailies”.

4.1.3. The satisfaction of the social partners?

The GS D assistance was highly appreciated by the trade unions, particularly the competence and availability of the employment adviser: *“we were happy with this on the one hand, this was partly also what made us enter into this agreement on the method and into this employment monitoring plan. When we saw the few people who were leaving or had left, in the end they were satisfied”* (CFDT DS).

There were points on which there were disagreements with the trade unions, in the monitoring committee. These disagreements involved:

- the respecting of redeployment criteria (*“the HRD gave priority to an employee from Factory A, although a candidate from Factory C had more favourable criteria... the management placed whoever they wanted in the posts”*): the whole difficulty for the HRD was in reassuring Factory A employees (hard core), by reserving blocked posts for them, whilst Factory B and C employees could also apply for them,
- the allocation of departure lump sum of 7,000 Euros to employees who left Factory B or C,
- the allocation of a lump sum to employees who left (4 or 5) between 1st April 2004 and 23rd July 2004.

The DSs were generally very satisfied with the agreement on the method signed, the PSE and the redeployments.

4.2. Economic evaluation

The economic aspects of the evaluation focus on the number of jobs cut and the cost of the closure, including hidden costs and externalised costs (owing to the impact on sub-contracting).

4.2.1. The number of jobs cut

The results of the factory closure in terms of jobs were 112 jobs cut (following the factory closure announcement) less than 10 people transferred to the special glass workshop. The net cut was therefore 102 jobs.

The impact of the factory closure is also measured in the number of fixed-term contracts which were not renewed. In 2003, only one fixed-term employee was recruited at the Plastics establishment (none at the Textile establishment). In 2000, 254 fixed-term employees were recruited at the Chambéry site (before the separation into two establishments). In 2001, the fall was already significant, as 142 fixed-term employees were (Plastics 101 and Textile 41). In 2002, there were 54 fixed-term employees recruited for Plastics only.

The impact of Factory A's difficulties has been assessed at around 150 fixed-term jobs cut in the two establishments and around 40 if we limit the impact to the fixed-term job cuts at the Textile establishment.

It is more difficult to estimate the impact on the recruitment of temporary staff (temps). It will be measured precisely when the Textile factory closes. Many temporary staff were present in 2003 (a monthly average of 20.15 temps) and in 2004 in the Plastics establishment to occupy the posts reserved for the employees covering the closure of the Textile factory. It was estimated however that the impact of the difficulties in Factory A was approximately 25 temporary posts cut in the two establishments and 6 temporary posts if we limit the measurement to the direct impact on employment in the Textile establishment.

4.2.2 Gradual closure with an increased economic costs and a lower social risk

The closure was not made necessary for technological reasons: the winding machines can be stopped from one day to the next.

The scenario of the gradual closure was chosen. Everything else being equal, it had a higher cost than the decision for a sudden closure owing to the time and the repetition of monitoring actions, meetings and a mobilisation of parties responsible for the restructuring over a longer period of time.

The gradual closure of the site by section (stopping the winding machines and sending them to other factories) can also be justified by the significant investments made in 2000 and the high level of stocks of raw materials (bales).

The target of 0 redundancies would have been difficult to achieve with an immediate closure. It is estimated that a minimum of around twenty economic redundancies would have occurred.

4.2.3. The hidden costs of the transfer, internal redeployment

The fact that there was a factory on a site 2 km away is a chance and greatly simplifies things. The transfer of employees by the moving of one site to another reduced the cost related to social measures (no compensation in the event of a move) but increases the economic cost. The restructuring cost is postponed and passed from one establishment to another.

The transfer of employees from Factory A to B/C was achieved over two years (since May 2003) at a closure rate per activity section in Factory A. Three transfers of groups of around 10 employees were undertaken successively in 2003, 2004 and 2005.

Furthermore, the integration of employees from the hard core (persons covering the closure of Factory A) was going to result in a large number of people from the closed site; in the mean time, there was a large quantity of temporary staff (line functioning with a lack of permanent personnel). This situation was not without its difficulties.

The hidden cost for B and C is generated by:

- Poorer results as the trades are technical and require a long apprenticeship (Plastics Establishment),
- An increase in the number of accidents at work (cf. health evaluation),

- Lower productivity (2004, 2005)
- Quality problems.

The training of transferred employees took place at their new post. This is the same training as for temporary staff: a trainer was responsible for a group of 3 or 4 people, for one week. Once they had been allocated to a team, the person gave 2 double series of courses (2 weeks). No training programme was set up for Factory A.

4.2.4. Impact on local sub-contracting

This impact is minimised by the maintenance of an activity in Factories B and C. In spite of everything, there was a reduction in sub-contracting and supplier activity (cleaning, raw materials, etc.).

The PSE envisaged notifying sub-contractors of the closure. The Management was not notified by any sub-contractor about any particular difficulties. Several explanations are plausible: a fall in activity over 5 years, the low number of sub-contractors, they also worked at other factories, and possibly also anticipation by the sub-contractors.

4.3. Evaluation of health and working conditions, the social climate and life outside work

Our evaluation focused on the impact of the restructuring on working conditions, health, the social climate and the family and social environment.

4.3.1. Difficult working conditions at both sites

For various reasons, working conditions became poorer at both sites.

At Factory A, the occupational physician identified several difficulties: *“those who stay on until the end have a lot more work. They become extremely multi-skilled. There’s no one else. Their factory is going to be closed: they will be there until the end. Their plant is removed and taken to the Czech Republic. It’s hard to watch, even if they kept on the most multi-skilled employees and the most solid employees”*.

The trade unions do not consider the atmosphere to be good; there is verbal violence: *“people do not yet know where they are going”*.

The difficulties are related to difficult working conditions, extended responsibilities, little supervision, a high proportion of temporary staff, problems of a psychological nature, especially when the machines have to be dismantled to be sent abroad, etc.

The arrival of Factory A workers at Factory B led to the creation of clans, anxiety among employees who feared the posts they were aiming for would be taken and even the posts for which they were replacements.

We would note that the internally redeployed employees were not given more training than normal. Furthermore, no VAE mechanism (to validate acquis and experience) had been set up in advance, owing to the absence of volunteers.

4.3.2. Health

The host factory is totally automated. It was therefore possible to anticipate the problem of people to adapt to a technologically different environment. For each transfer, the HRD consulted the medical record of the employee and the cases posing problems were:

- older employees (53-54 years) who were incapable of adapting to an automated line (problems of age and potential);
- allergic employees and people with physical problems: back, hernias, etc.

The transfer is a technological change: young people make the shift easily, whilst older employees need more time. The pace of work is also faster.

The director of Establishment B pointed out an increase in accidents at work in 2003 following the first wave of transfers of employees from Factory A. (He explained this increase by the fact that they were volunteers for the transfer, and wanted to prove their worth and do well, and put themselves at risk). This opinion was not confirmed by the social report. Conversely; it was noted that there was a fall in the number of accidents in 2002 and 2003 taking the 2 sites together.

Absenteeism fell according to the occupational physician, as *“when times are bad, in the company, you don’t draw attention to yourself by being absent”*.

In the occupational physician’s view: *“in 2002, employees sensed the factory closure coming. It was difficult because conditions degraded and the product wasn’t selling well”*. Following the closure announcement, there were no depressions. People had prepared for it well.

4.3.3. Social climate

The absence of stated or latent social conflicts is revelatory of a social climate which was appeased before and during the restructuring. Several internal parties considered that the economic cost was more than offset by the maintenance of a good social climate.

We can question whether employees’ trust was not damaged, and whether this event had not affected the perception of the future of the site. However, we consider that the proper management of the situation (the impression of procedural justice) reduced the risk of a negative effect on trust.

4.3.4. Limited social problems

As with the entire company, the problems of broken homes, divorces, excessive debts and depressions are very serious and are affecting an increasing number of employees. However, because of the work conducted by the GS D, the closure does not appear to have increased these problems.

The GS D paid particular attention to all kinds of problems which could arise for employees and their families (financial problems, separation, etc.) and provided general assistance to the family (assistance in finding a job for the spouse, etc.).

4.4. Territorial evaluation

The closure destroyed jobs (between 112 and 92, depending on when the calculation was made).

To date, the revitalisation agreement has not been signed. But the companies which are cutting a certain number of jobs are obliged to set out the conditions for the revitalisation of the employment catchment area in an agreement with the State. An agreement was signed by the company and the State which effectively associates all of the members of the economic fabric. It defines the major lines along which development can take place and effectively set dates for meetings in the context of monitoring the operation.

The exercising of the lease option to acquire the land where the research centre was to be established is also practical proof of GS’s commitment given to the Mayor to stay at Chambéry and to invest there.

The town’s property policy was discussed by GS in the context of the revitalisation agreement.

Overall conclusions:

The extensive preparation of the announcement and the closure project along with the positive and highly constructive state of mind of the social partners made it possible to anticipate the difficulties. The preparation of the closure in advance by the HRD (GPEC) encouraged the success of the PSE measures.

The results were relatively satisfactory as there was a great chance that no redundancies took place. The management’s commitments were respected. The trade union representatives were satisfied about this, although they clearly regretted the cutting of 102 jobs and the closure of a site. Added to this, according to our estimates, a further 190 fixed-term contracts were not renewed and 31 posts which were regularly held by temporary staff were cut. The impact on the employment catchment area was a cut of 320 jobs.

The agreement on the method (AM) effectively played its role as a code of conduct, as reference was made to the agreement signed when practical problems arose.

Difficulties nevertheless appeared in the transfer of employees from Factory A to Factory B. The transfers of employees and the activity constituted a cost which was accepted in order to maintain a good social climate (0 strike days).

This restructuring certainly made it possible to plan the scheduled reorganisation for the reconstruction of the furnace at the Bissy factory. Prospects for 2008-2009 have been forecast, with proposals to redeploy employees from Factory A.

ANNEXES

Annexe 1 : List of interviewees

| | |
|--|----------|
| Director General GS Développement | 28.04.05 |
| Director of human resources GS Vx France | 28.04.05 |
| Trade-union delegate CFDT at Factory A | 17.05.05 |
| Doctor of Inter-professional Labour Medicine | 17.05.05 |
| Trade-union delegate CGT | 25.05.05 |
| Trade-union delegate of the Works Council Et. Plastiques | 25.05.05 |
| Deputy Major of Chambéry | 25.05.05 |
| Deputy Director of Human Resources GS Vx France | 25.05.05 |
| Responsible for employment and training at Factory A | 25.05.05 |
| A worker, production unit Factory A | 25.05.05 |
| Ex-trade-union delegate CGT Secretary of the Works Council | 25.05.05 |
| Labour inspector | 25.05.05 |
| Trade-union delegate at the group level | 25.05.05 |
| Director of Social Affairs of the group | 25.05.05 |
| Deputy director of the local labour administration | 26.05.05 |
| Consultant in employment GS Développement | 30.05.05 |
| Expert Accountant of the Works Council | 1.06.05 |
| Director of the Factory "Plastiques et Siège" | 31.05.05 |

Annexe 2 : Chronology of events

